



Agriculture and  
Agri-Food Canada

Agriculture et  
Agroalimentaire Canada



Agriculture and Agri-Food Canada

# 2010-11 **Departmental Performance Report**

Canada



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# Minister's Message

The Canadian agriculture industry plays a major role in our economy, generating more than 2 million jobs and over eight per cent of our Gross Domestic Product.

This economic powerhouse has helped drive Canada's economic recovery over the past year, positioning our farmers and food processors to capture new opportunities in global markets.

Our Government's strategy for this great sector is clear: the marketplace is the most sustainable way to deliver bigger profits back to the farm gate and throughout the value chain. That's why we continue to pursue an aggressive international trade agenda that has delivered real results for our industry, making sure that our farmers and processors can market their top-quality products for the top dollar they deserve.

In 2010, our agriculture, agri-food, and seafood product exports grew to more than \$39 billion, the second highest level in history, putting us in the top five global agri-food exporters. The Market Access Secretariat, which we created, was a big part of that success, and we're strengthening it to help our exporters secure and grow their sales.

Side by side with industry, we have embarked on trade missions to more than 20 different markets around the world, growing our sales with key customers, including Mexico, China, Hong Kong, Russia and South Korea. While defending Canada's system of supply management and ensuring our trading partners play by science-based rules, we



**The Honourable  
Gerry Ritz, P.C., M.P.**

are aggressively pursuing bilateral and multilateral trade arrangements with major markets including the European Union and India.

Innovation is as old as agriculture and continues to drive our industry's competitiveness. Working with industry we're making strategic investments in result-based science and innovation that are leveraging investments from industry. We will make strategic decisions to make sure we get the best bang for our research buck, in support of Canadian farmers and the entire sector.

Challenges will always be part of agriculture. Last year, our business risk management programs helped farmers weather financial pressures from markets, flooding and drought, with over \$2 billion in support provided by federal, provincial and territorial governments. Canada's Economic Action Plan and our five-year, federal-provincial-territorial agriculture policy framework, *Growing Forward*, are delivering flexible, proactive programs that are helping farmers tackle real issues in the agricultural sector, strengthen the environment and food safety from gate to plate, and deliver innovative, tangible results that will pay dividends in the future.

Long-term, the outlook for Canada's agriculture sector is bright. Farming has become increasingly complex and competitive on the world stage. We're seeing a growing demand for healthy, high-quality food and we know Canadian farmers can deliver. Our natural advantages of land, water, clean environment, skilled workforce, and strong policies and regulations, position us well for future growth and prosperity.

We are now sitting down with industry and provincial-territorial governments to shape a new agricultural framework for the future that will help us move to a more modern, innovative, competitive, and sustainable sector that will define our success over the next decade.

I know I can rely on the continuing collaborative efforts of my entire Portfolio team to support me in tackling the agricultural sector's challenges, while helping the sector to capitalize on its tremendous potential for growth and future profitability.

Honourable Gerry Ritz, P.C., M.P.,  
Minister of Agriculture and Agri-Food and  
Minister for the Canadian Wheat Board

# Organizational Overview

## Raison d'être

The Department of Agriculture and Agri-Food Canada (AAFC) was created in 1868 – one year after Confederation – because of the importance of agriculture to the economic, social and cultural development of Canada. Today, the Department helps ensure the agriculture, agri-food and agri-based products industries can compete in domestic and international markets, deriving economic returns to the sector and the Canadian economy as a whole. Through its work, the Department strives to help the sector maximize its long-term profitability and competitiveness, while respecting the environment and the safety and security of Canada's food supply.

## Responsibilities

AAFC provides information, research and technology, and policies and programs to help Canada's agriculture, agri-food and agri-based products sector increase its environmental sustainability, compete in markets at home and abroad, manage risk, and embrace innovation. The activities of the Department extend from the farmer to the consumer, from the farm to global markets, through all phases of producing, processing and marketing of agriculture and agri-food products. In this regard, and in recognition that agriculture is a shared jurisdiction, AAFC works closely with provincial and territorial governments.

AAFC's mandate is based upon the *Department of Agriculture and Agri-Food Act*. The Minister is also responsible for the administration of several other Acts, such as the *Canadian Agricultural Loans Act*. A list of these Acts is available at: [www.agr.gc.ca/acts](http://www.agr.gc.ca/acts). The Department is responsible for ensuring collaboration among the organizations within the Agriculture and Agri-Food Portfolio; this means coherent policy and program development and effective cooperation in meeting challenges on cross-portfolio issues. The other portfolio organizations consist of: the Canadian Dairy Commission; the Canadian Food Inspection Agency; the Canadian Grain Commission; Farm Credit Canada; Canada Agricultural Review Tribunal; and the Farm Products Council of Canada. For more information on these portfolio organizations, visit [www.agr.gc.ca/portfolio](http://www.agr.gc.ca/portfolio). AAFC also includes the Canadian Pari-Mutuel Agency, a special operating agency that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada.

AAFC provides the overall leadership and coordination on federal rural policies and programs through Canada's Rural Partnership, and supports co-operatives to promote economic growth and social development of Canadian society. Through the Rural and Co-operatives Development program activity, AAFC coordinates the Government's policies towards the goal of economic and social development and renewal of rural Canada. This program activity also facilitates the development of co-operatives which help Canadians and communities capture economic opportunities.

The Department also supports the Minister in his role as Minister for the Canadian Wheat Board.

## **Strategic Outcomes (SO) and Program Activity Architecture (PAA)**

### **SO 1 An environmentally sustainable agriculture, agri-food and agri-based products sector**

AAFC supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.

### **SO 2 A competitive agriculture, agri-food and agri-based products sector that proactively manages risk**

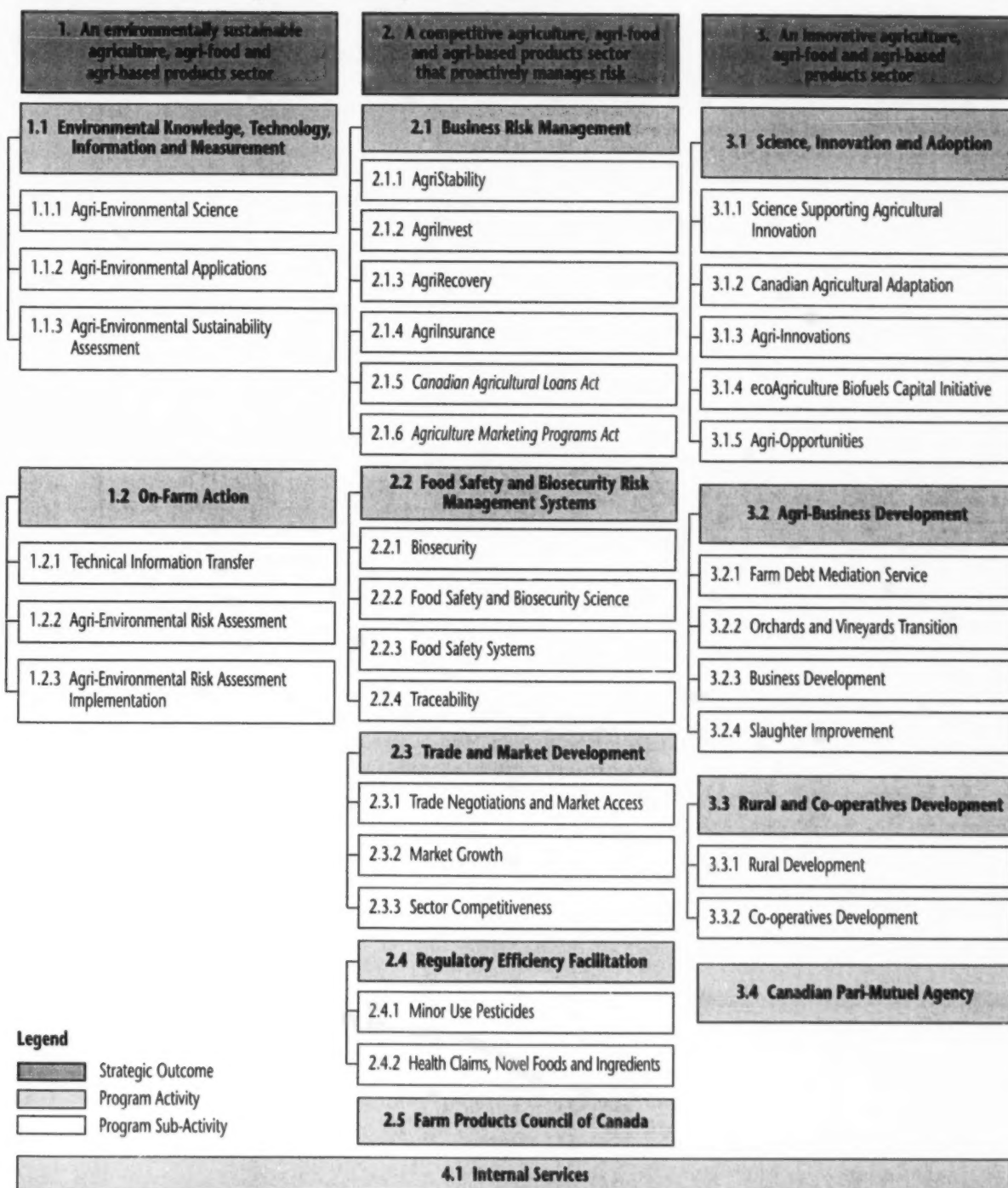
Canada's capacity to produce, process and distribute safe, healthy, high-quality and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets for the sector by meeting and exceeding consumer demands and expectations. Proactive risk management to ensure food safety, market development and responsiveness, and improved regulatory environment contribute directly to the economic stability and prosperity of Canadian farmers and provide greater security for the Canadian public regarding the sector.

### **SO 3 An innovative agriculture, agri-food and agri-based products sector**

Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Such innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness and sustainability of Canada's agriculture, agri-food and agri-based products sector and its rural communities.

The graphic below displays AAFC's Program Activities and Program Sub-Activities that comprise its PAA. It reflects how the Department allocates and manages its resources and makes progress toward its Strategic Outcomes.

## AAFC's 2010-11 Program Activity Architecture





## Organizational Priorities

AAFC's priorities described in the 2010-11 Report on Plans and Priorities reflected the ongoing importance of competitiveness, innovation, environmental sustainability, and proactive risk management to ensure the sector's long-term profitability. There is a need for continuous investment in scientific research, the development and adoption of leading-edge products and technologies, and business skills, risk management and market intelligence to enable producers and enterprises to achieve a sustainable competitive advantage.

Domestic and international market demands for agricultural and agri-food products continue to evolve, and the Canadian sector must adapt and become more competitive and innovative to meet the challenges of a globalized market. In support of this, AAFC provides information to help the sector identify and respond to emerging trends ahead of Canada's competitors, as well as the tools necessary to encourage adaptation that enables the sector to achieve lower costs and penetrate higher-value markets. In addition, given the sector's heavy reliance on export markets, AAFC works to ensure continued access to existing markets and to gain access to new ones through market access and trade negotiations and disputes programs. Finally, the Department continues to address market demands for assurances that Canada's environmental resources are protected.

With the current agricultural policy framework, *Growing Forward*, ([www.agr.gc.ca/growingforward](http://www.agr.gc.ca/growingforward)), set to expire on March 31, 2013, a new framework is required to position the sector for success over the long term. AAFC is working with provinces and territories to develop the next agricultural policy framework, to help achieve a profitable, sustainable, competitive and innovative agriculture, agri-food and agri-products industry.

AAFC began engagement with industry stakeholders to discuss challenges and opportunities facing the sector. The Department continues to work with provinces and territories to develop policy directions for the next framework based on what has been heard.

AAFC, together with provincial and territorial governments, undertook a strategic review of Business Risk Management (BRM) programs to assess current programs. The findings of the BRM Strategic Review were presented to stakeholders as part of the first phase of the next agricultural policy framework industry engagement in 2010-11. The results of the Strategic Review will inform the policy development process for the next policy framework.

The Government also continued to make significant investments in scientific research, which is a key component to ensuring continued innovation in the agricultural sector. In addition, as the sector and Canada's economy move into recovery from the economic downturn, AAFC continued to implement the important initiatives launched under Canada's Economic Action Plan (EAP), including the Agricultural Flexibility Fund, the Slaughter Improvement Program, and the *Canadian Agricultural Loans Act*.

The ongoing focus on management excellence was important to deliver results for the sector, of note, through improved service to clients, and reflected in human resources and investment plans driven by government priorities.

Additional information on departmental priorities is provided below.

### Priority Status Legend

Percentage of the expected level of performance that was achieved during the fiscal year for the priority identified in the corresponding RPP

**Exceeded:** More than 100%

**Met All:** 100%

**Mostly Met:** 80 to 99%

**Somewhat Met:** 60 to 79%

**Not Met:** Less than 60%

<b>Priority:</b> Secure and enhance market access for Canadian agricultural and agri-food products	<b>Type:</b> Ongoing	<b>Strategic Outcome:</b> SO2 – A competitive sector that proactively manages risk
<b>Status:</b> Met All Globally, breakthroughs were made for exporters in the following sectors: animal genetics (bovine, porcine and poultry); beef; canary seed; canola; feed and flax; fish and seafood products (including lobster); horticulture (including potatoes); organic commodities; peas; plant biotechnology; pork and swine; poultry meal and porcine blood meal; rendered animal by-products; and wheat, among others.		
<b>Priority:</b> Support science and innovation, keys to the sector's competitiveness	<b>Type:</b> Ongoing	<b>Strategic Outcomes:</b> SO1 – An environmentally sustainable sector SO2 – A competitive sector that proactively manages risk SO3 – An innovative sector
<b>Status:</b> Met All AAFC scientists and their partners worked to make significant contributions to research and innovation in Canada. The Department developed improved agricultural practices that address environmental challenges, new food production, processing and distribution techniques that mitigate food safety risks, new crops enhancing Canada's biodiversity, and improved livestock production and management. <i>Growing Forward</i> innovation programs, such as the Canadian Agri-Clusters and Developing Innovative Agri-Products initiatives, accelerated the pace of innovation by providing support all along the innovation continuum – from discovery through marketplace. Through the Agricultural BioProducts Innovation Program, AAFC supported conversion of feedstocks into agricultural bioproducts, developed technologies for agricultural biomass conversion, and found ways to diversify products. As a result, Canada's R&D capacity increased and the country was positioned as a significant player in the bioproducts and bioprocessing sector. The Department helped increase farmer participation in the biofuels industry and contributed to the government's biofuels content target in transportation fuels via the ecoAgriculture Biofuels Capital Initiative. AAFC accelerated the commercialisation of new innovative value-added agricultural, agri-food and agri-based products, services and processes through the delivery of the Agri-Opportunities Program. AAFC continued to enhance its management tools for science and innovation, ensuring that its strategic action plan and its human resource, communications and investment plans are fully developed.		



<b>Priority:</b> Ensure current suite of Business Risk Management programs is achieving its objective through the Business Risk Management Strategic Review with Provinces and Territories	<b>Type:</b> Previously committed to	<b>Strategic Outcome:</b> SO2 – A competitive sector that proactively manages risk
<p><b>Status:</b> Met All</p> <p>Federal, provincial, and territorial officials undertook a Strategic Review of BRM programs, which showed that BRM programs played an important role in stabilizing producers' income when market income dropped.</p> <p>The results of the BRM Strategic Review are helping inform the policy development process. They were presented during the first phase of the next agricultural policy framework industry engagement.</p>		

<b>Priority:</b> Improve the sector's environmental performance in support of Canada's environmental agenda	<b>Type:</b> Ongoing	<b>Strategic Outcomes:</b> SO1 – An environmentally sustainable sector SO2 – A competitive sector that proactively manages risk SO3 – An innovative sector
<p><b>Status:</b> Met All</p> <p>AAFC continued to develop and support an evolving set of expertise and tools required to help the sector adapt to climate change and water issues. The Agricultural Greenhouse Gases Program, Canada's contribution to the Global Research Alliance, was developed and launched.</p> <p>AAFC continued to explore new approaches to address complex agri-environmental challenges and continued to deliver initiatives that enabled sound environmental decision-making.</p> <p>AAFC continued to work with partners to improve conservation of air, water, soils, and biodiversity through sector stewardship practices, and to improve ecosystems by increasing and sharing scientific knowledge.</p> <p>AAFC continued to increase collaboration among stakeholders to help the sector be more resilient and sustainable in the face of complex agri-environmental challenges.</p>		

<b>Priority:</b> Management Excellence	<b>Type:</b> Ongoing	<b>Strategic Outcomes:</b> SO1 – An environmentally sustainable sector SO2 – A competitive sector that proactively manages risk SO3 – An innovative sector
<p><b>Status:</b> Met All</p> <p>Sound management practices, processes and systems, particularly in areas such as human resources and service delivery, continued to be key to AAFC's ability to deliver programs and services and achieve its strategic outcomes. Details of the Department's performance in these areas are provided in the discussion of Internal Services in Section II. Highlights include:</p> <p>Actions to further implement AAFC's Service Excellence agenda included the delivery of a suite of initiatives aimed at helping AAFC to better understand its clients, to better communicate its offerings, and to improve its services to clients through modernized business approaches and system enhancements. For example, AAFC has established service standards for 75% of its programs.</p> <p>People management strategies identified in the Department's 2009-12 <i>Integrated Human Resources Plan</i> were implemented in support of objectives that advanced Government priorities. As examples, the Department exceeded its student recruitment target for 2010-11, reviewed staffing policies with a view to eliminating duplication and redundant information, and developed a draft new AAFC <i>Values and Ethics Code</i> to be implemented with the new <i>Values and Ethics Code for the Public Sector</i>. The Plan also established the foundation for fostering a work environment that values professional excellence, diversity, linguistic duality, continuous learning, and mutual respect.</p> <p>With regard to the 2009-10 Management Accountability Framework (MAF) assessment, TBS's observations on AAFC's management capacity were very positive, consistent with the Department's strong performance from the previous year. The Department received five "Strong" ratings and seven "Acceptable" ratings, and progress was made with respect to management priorities identified in the previous MAF assessment. No area of management was rated below "Acceptable". The Department was recognized for maintaining high standards in its level of management performance, while also handling a busy policy and program agenda, specifically the implementation of <i>Growing Forward</i> programs and Budget 2009 (Canada's Economic Action Plan) initiatives.</p>		

AAFC's three-year *Integrated Human Resources Plan* continued to be an important element of the Department's integrated planning approach. Its ongoing relevance will be assured through an update in 2011-12, reflecting the changing environment, business priorities and risks. The key human resources issues facing the Department are similar, but some have grown to be more pressing. These key issues include:

- projected gaps, as well as shortages of skills and knowledge, in key areas due to retirement rates;
- ongoing management of human resources to maintain long-term capacity to deliver strategic outcomes through a period of sustained fiscal restraint; and
- a workplace where the contributions of all employees and the use of both official languages are encouraged and supported.

Strategies to achieve the Department's goals in these areas include:

- a staffing and recruitment strategy outlining initiatives that support the Department in meeting its current and future staffing needs, attract high-quality candidates, and continuously improve the effectiveness of the staffing system;
- enhanced opportunities for career and skill development and continuous learning;
- revising the departmental *Employment Equity and Inclusiveness* strategy to respond to the findings of the Employment Systems Review; and
- continuing the national official languages awareness campaign emphasizing employee rights and obligations under the *Official Languages Act*.

AAFC finalized the first departmental five-year *Investment Plan (2010-15)* in accordance with Treasury Board's *Policy on Investment Planning – Assets and Acquired Services* to guide effective investment of resources that clearly support program outcomes and government priorities. The Plan was approved by Treasury Board June 17, 2010. In year one of the Plan, all EAP-funded projects were completed and many other projects were advanced. The Department also positioned itself for year two of the Plan.

## Risk Analysis

In 2010, Canada saw its Gross Domestic Product rebound by a healthy 3.1% in real terms, after having declined by 2.5% in 2009. Stronger domestic demand, government spending and business investment in 2010 helped buoy this economic growth as inflationary pressures remained moderate.

For the agriculture and agri-food sector, 2010 saw a small increase in real Gross Domestic Product in spite of lower production. Crop production was down due to adverse weather on the Prairies that hampered planting and harvesting. In the second half of the year, crop and livestock prices advanced significantly in world markets. Higher crude oil prices tended to push up input prices and transportation costs for primary producers, food processors and consumers. However the Canadian dollar appreciated by 10% in 2010 relative to the U.S. dollar, off-setting some of the commodity price increases and the effect of higher crude oil prices. Farm incomes were up positively as a result. The food processing sector, which maintained its steady growth during the recession of 2009, continued to advance at a steady rate in 2010.

The stronger dollar also provided an opportunity for farmers and processors to boost productivity with the help of lower-priced imported machinery and equipment.

Other challenges resulted from changes in regulations and policies in other countries regarding safety and quality issues. For instance, the Canadian livestock industry bore the brunt of the impact of mandatory country of origin labelling in the U.S., its major market. Prices were higher in the European Union, but regulations (e.g., on hormone use) and tariff rate quotas were effective barriers to some Canadian exports.

In terms of AAFC's operating environment, as the employee population ages and retirements continue to peak, maintaining workforce capacity to deliver results to Canadians is important. Renewal of the workforce is being tackled through the targeted recruitment of new employees and the creation of programs to ensure transfer of knowledge about the agriculture sector and to develop management competencies. In a climate of sustained fiscal restraint across the public service, AAFC is committed to ongoing refinement of its integrated business planning process to align human and other resources to deliver on business priorities.

To help accomplish its mandate, AAFC continues to enhance and integrate its risk and opportunity management practices to nourish a risk-smart culture. Risk and opportunity management continues to be a key factor that supports and informs departmental priority setting, business and resource planning, and decision-making.

AAFC's Corporate Risk Profile, which is updated annually, summarizes the possible exposure to risks by identifying key potential events or circumstances and documents management action under way. In 2010-11, AAFC effectively mitigated identified corporate risks, avoiding adverse effects on the achievement of results. The following chart provides a brief description of the risks identified in AAFC's 2010-11 Corporate Risk Profile, and summarizes the status of mitigation strategies.

Risk	Status of Risk and Mitigation Strategies
<p><b>Catastrophic Crisis</b> A large-scale event could present a severe risk to the sector and/or Canadians at large.</p>	<p>AAFC has a long history of responding to emergencies with appropriate policies and programs. The Department leveraged the AgriRecovery Framework of the BRM suite to facilitate the implementation of 13 initiatives in response to natural disaster events across the country. The Department also continued to engage government and sector partners to enhance emergency preparedness. Significant progress was made in preparing the Department to respond quickly to internal emergencies, such as power outages or a pandemic. As a result of recent threats, such as H1N1, business continuity plans and tested emergency response plans have been refined. Work began to develop plans to address animal diseases; subsequent analysis may help adapt these plans to address plant health concerns.</p>
<p><b>Information Management</b> Compromised information, information management or information systems could impact the Department's ability to make effective policy and program decisions, and subsequently affect reporting.</p>	<p>Mitigation activities progressed effectively. AAFC continued to advance recordkeeping guidance and developed a year-round communications strategy on information management/record management awareness and education. A privacy management framework was developed to help meet <i>Privacy Act</i> requirements. To improve information and data management, AAFC continued to work towards solutions, such as internet portals, enhanced search tools, reviewed data warehousing, and business intelligence design.</p> <p>Electronic document management was expanded in the National Capital Region and network preparations for further deployment of the electronic document and records management software to AAFC regional offices are complete.</p>
<p><b>Program Risk</b> AAFC's highly complex programs and broad range of clients present risks for potential errors, or risks that management processes and tools are inadequate to provide sufficient program control frameworks.</p>	<p>Mitigation activities such as recipient auditing, consistent performance reporting and service standard monitoring have reduced program design and management risks while enhancing service to clients.</p> <p>Business Risk Management (BRM) program administrators continued to work cooperatively to identify and address risks towards the consistent and increasing quality of BRM program delivery.</p> <p>Initiatives were implemented that helped improve client service and accuracy. AAFC developed technology to provide a one-window access to both federally and provincially delivered programs. A service excellence communication plan was also developed to drive culture change and meet AAFC's priority of achieving service excellence.</p> <p>A contribution agreement template for non-BRM programs, as well as grants and contributions program and risk management training, helped ensure efficient program control. Recipient reporting and auditing were enhanced through centralized financial and performance reporting of provincial and territorial agreements and the Department's Recipient/Project Risk Management Framework.</p>
<p><b>Infrastructure</b> Aging infrastructure and assets could impair AAFC's significant moveable assets and physical infrastructure holdings, impeding achievement of strategic outcomes.</p>	<p>AAFC is a large custodian of buildings (2,360), land (940,000 hectares), and equipment (\$213 million). It has 19 major research centres, 37 research stations and 33 dams. Infrastructure management occurs through the integrated <i>Investment Plan</i> (IP) and IP governance to support ongoing operations of the Department and address government priorities. Implementation of the IP progressed successfully. Effective project management practices were in place with defined roles and responsibilities, and progress continues to be closely monitored.</p>



Risk	Status of Risk and Mitigation Strategies
<b>People Work Environment</b> AAFC's capacity to maintain a talented, principled and representative workforce in an environment that is fair, ethical, supportive, and safe could impact on achievement of strategic outcomes.	<p>To mitigate workforce risks, AAFC put in place its 2009-12 <i>Integrated Human Resources Plan</i> and supporting multi-year strategies for staffing and recruitment, employment equity and inclusiveness, and official languages. This included a focus on maintaining science capacity in the Department.</p> <p>To reduce the <i>web of rules</i>, AAFC reviewed all staffing policies, with a view to eliminating duplication and redundant information. Access to Human Resources services was streamlined through a single online window called Human Resources Direct Access.</p> <p>AAFC embarked on collaborative projects with other federal government organizations aimed at sharing administrative systems. These efforts will continue into the next several years.</p>
<b>System/Technology Sufficiency</b> Evolving business priorities and processes may not be adequately supported if applications investments are not made in a strategic manner using modern application development tools. This could result in infrastructure failure or incapacity to integrate information to facilitate decision making.	<p>Mitigation activities progressed satisfactorily. AAFC started the development of a foundational Information Management/Information Technology (IM/IT) architecture with the main emphasis on security architecture. It also advanced its portfolio project management practices as per Treasury Board Secretariat standards, which included a foundational costing model for shared application support services. AAFC reviewed its IT policy instruments and developed new ones where gaps existed. IM/IT disaster recovery options related to business continuity and critical business services for 0-48 hours recovery were approved, and work began on developing the implementation plan.</p>

## Summary of Performance

### 2010-11 Financial Resources (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
3,331.3	2,918.3	2,674.8

There is an overall reduction between Planned Spending and Total Authorities primarily as a result of a reduction in the requirement for Business Risk Management program funding mainly due to stronger commodity prices. Variances between Total Authorities and Actual Spending result from the annual demand for multi-year program funding as well as timing of new program implementation. The majority of the unspent funding is expected to be carried forward for use in future years.

### 2010-11 Human Resources (Full-Time Equivalents – FTEs)

Planned	Actual <sup>1</sup>	Difference <sup>2</sup>
6,086	6,266	180

<sup>1</sup> Full-Time Equivalents – reflect only those FTEs funded through the Department's appropriated resources. In addition to the actual FTEs of 6,266 there were 25 FTEs employed by AAFC for research funded through collaborative agreements with industry partners and 9 FTEs funded from other government departments. Also, an additional 528 FTEs were employed as students.

<sup>2</sup> Actual FTEs are higher than Planned primarily due to additional resources required for the development of the next agricultural policy framework and the creation of the Market Access Secretariat. Planned FTEs did not reflect these factors due to timing of the preparation of the Report on Plans and Priorities. The actual number of FTEs has decreased by 14 when compared to the 2009-10 Actual FTEs of 6,280.

### Strategic Outcome 1: An environmentally sustainable agriculture, agri-food and agri-based products sector

Performance Indicators	Targets	2010-11 Performance
Soil Quality Agri-Environmental Index*	81 by Mar 31, 2030	The Soil Quality index was within the <i>Good</i> range and showed an improving trend. This is attributed to increased adoption of conservation and no-till practices, increased forage and permanent cover crops, and reduced use of summer fallow.
Water Quality Agri-Environmental Index*	81 by Mar 31, 2030	The Water Quality index was within the <i>Good</i> range but showed a deteriorating trend. This is due to an overall increase in supplemental nutrients as there was an increase in farmland under cultivation.
Air Quality Agri-Environmental Index*	81 by Mar 31, 2030	The Air Quality index was within the <i>Good</i> range and showed an improving trend. This is attributed to increased adoption of conservation and no-till practices, increased forage and permanent cover crops, and reduced use of summer fallow.
Biodiversity Quality Agri-Environmental Index*	81 by Mar 31, 2030	The Biodiversity index was within the <i>Average</i> range on the Agri-Environmental Index, showing a stable trend.
<p>* The indices listed measure agri-environmental progress in each of the four key areas of soil, water, air, and biodiversity. The scale for these indices is: 0-20 = Unacceptable; 21-40 = Poor; 41-60 = Average; 61-80 = Good; and 81-100 = Desired. A target of 81-100, with a stable or improving trend, represents the desired value for the sector's performance. Results are based on 2006 data published in 2010 in Environmental Sustainability of Canadian Agriculture: Agri-Environmental Indicator Series, Report #3 (<a href="http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1295378375770&amp;lang=eng">http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1295378375770&amp;lang=eng</a>).</p>		

Program Activity	2009-10 Actual Spending (\$ millions – net) <sup>1</sup>	2010-11 (\$ millions – net)				Alignment to Government of Canada Outcome
		Main Estimates <sup>2</sup>	Planned Spending <sup>3</sup>	Total Authorities <sup>4</sup>	Actual Spending <sup>5</sup>	
Environmental Knowledge, Technology, Information and Measurement	92.9	58.5	59.6	92.9	89.8	A Clean and Healthy Environment ( <a href="http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01">http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01</a> )
On-Farm Action	85.0	152.2	152.5	152.1	89.7	
<b>Total</b>	<b>178.0</b>	<b>210.7</b>	<b>212.1</b>	<b>245.0</b>	<b>179.6</b>	

## Strategic Outcome 2 A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

Performance Indicators	Targets	2010-11 Performance
Increase in agriculture and agri-food (includes seafood processing) Gross Domestic Product (GDP), in constant dollars (1997 dollars)	10% by Mar 31, 2013	Progress toward the strategic outcome can be considered satisfactory. Between 2009 and 2010, GDP for agriculture and agri-food processing has increased 1.5% to \$44.9 billion due to higher prices for agriculture crops and a higher value of food industry shipments.

Program Activity	2009-10 Actual Spending (\$ millions – net) <sup>1</sup>	2010-11 (\$ millions – net)				Alignment to Government of Canada Outcome
		Main Estimates <sup>2</sup>	Planned Spending <sup>3</sup>	Total Authorities <sup>4</sup>	Actual Spending <sup>5</sup>	
Business Risk Management	1,508.2	1,678.9	1,996.2	1,477.6	1,452.5	Strong Economic Growth ( <a href="http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01">http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01</a> )
Food Safety and Biosecurity Risk Management Systems	98.1	150.3	154.8	144.8	95.2	
Trade and Market Development	100.5	116.3	116.3	123.0	93.4	
Regulatory Efficiency Facilitation	12.5	35.9	35.9	25.8	12.1	
Farm Products Council of Canada	3.0	2.8	2.8	3.1	2.8	
<b>Total</b>	<b>1,722.2</b>	<b>1,984.1</b>	<b>2,306.0</b>	<b>1,774.4</b>	<b>1,656.1</b>	



### Strategic Outcome 3: An innovative agriculture, agri-food and agri-based products sector

Performance Indicators	Targets	2010-11 Performance
Percentage increase in the development of food and other agriculture-derived products and services as measured by 1) revenues from bio-products and 2) percentage increase in private industry's Research and Development (R&D) expenditures in the agri-food sector as measured by the food processing and bio-products sectors (Percentage reflects a real increase, after adjustments for inflation)	10% by Mar 31, 2014	In making progress towards the four-year target, AAFC is meeting or exceeding its goals for programs and initiatives within the Program Activities that support this Strategic Outcome. Please see the Performance Analysis in Section II of this report for a description of progress at these lower levels.
Increase in agriculture Net Value-Added (Value-Added is a Statistics Canada measure of Canadian value-added GDP)	7% by Mar 31, 2014	In making progress toward the four-year target, AAFC is meeting or exceeding its goals for programs and initiatives within the Program Activities that support this Strategic Outcome. Please see the Performance Analysis in Section II of this report for a description of progress at these lower levels.

Program Activity	2009-10 Actual Spending (\$ millions – net) <sup>1</sup>	2010-11 (\$ millions – net)				Alignment to Government of Canada Outcome
		Main Estimates <sup>2</sup>	Planned Spending <sup>3</sup>	Total Authorities <sup>4</sup>	Actual Spending <sup>5</sup>	
Science, Innovation and Adoption	275.7	404.4	408.8	368.0	360.3	An Innovative and Knowledge-Based Economy ( <a href="http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01">http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01</a> )
Agri-Business Development	48.6	64.1	72.9	148.9	104.3	
Rural and Co-operatives Development	22.0	25.1	25.1	24.9	21.1	
Canadian Pari-Mutuel Agency	0.7	0.4	0.4	4.6	1.0	A Fair and Secure Marketplace ( <a href="http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01">http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01</a> )
<b>Total</b>	<b>347.0</b>	<b>494.0</b>	<b>507.2</b>	<b>546.4</b>	<b>486.7</b>	

**PA 4.1: Internal Services (Supports all of AAFC's Strategic Outcomes)**

Program Activity	2009-10 Actual Spending (\$ millions – net) <sup>1</sup>	2010-11 (\$ millions – net)			
		Main Estimates <sup>2</sup>	Planned Spending <sup>3</sup>	Total Authorities <sup>4</sup>	Actual Spending <sup>5</sup>
Internal Services	357.9	301.4	306.0	352.5	352.5

**Total Department**

	2009-10 Actual Spending (\$ millions – net) <sup>1</sup>	2010-11 (\$ millions – net)			
		Main Estimates <sup>2</sup>	Planned Spending <sup>3</sup>	Total Authorities <sup>4</sup>	Actual Spending <sup>5</sup>
Total Departmental Spending	2,605.2	2,990.1	3,331.3	2,918.3	2,674.8

For an explanation of the variances for the total Department spending, please refer to the Expenditure Profile subsection of this report.

<sup>1</sup> Actual Spending figures represent the actual expenditures incurred during the 2009-10 fiscal year, as reported in the 2009-10 Public Accounts.

<sup>2</sup> Main Estimates figures are as reported in the 2010-11 Main Estimates.

<sup>3</sup> Planned Spending figures are as reported in the 2010-11 Report on Plans and Priorities (RPP). Planned Spending reflects funds already brought into the Department's reference levels as well as amounts to be authorized through the Estimates process as presented in the Annual Reference Level Update. It also includes adjustments totalling \$341.1 million for funding approved in the government fiscal plan, but not yet brought into the Department's reference levels at the time of the Main Estimates.

<sup>4</sup> Total Authorities reflect 2010-11 Main Estimates plus a net total reduction of \$71.8 million comprised of Supplementary Estimates and allotment transfers received during the 2010-11 fiscal year, as well as adjustments to statutory amounts to equal Actual Spending, and internal adjustments and transfers, as reported in the 2010-11 Public Accounts.

<sup>5</sup> Actual Spending figures represent the actual expenditures incurred during the 2010-11 fiscal year, as reported in the 2010-11 Public Accounts. In certain cases, where authorized amounts are unspent, they can be reprofiled for use in future years.

The figures in the above table have been rounded. Due to rounding, figures may not add to the totals shown.

**Expenditure Profile**

AAFC departmental spending varies from year to year in response to the circumstances in the agriculture, agri-food and agri-based products sector in any given period. Programming within AAFC is in direct response to industry and economic factors which necessitate support to this vital part of the economy. Much of AAFC's programming is statutory (i.e. for programs approved by Parliament through enabling legislation) and the associated payments fluctuate according to the demands and requirements of the sector.

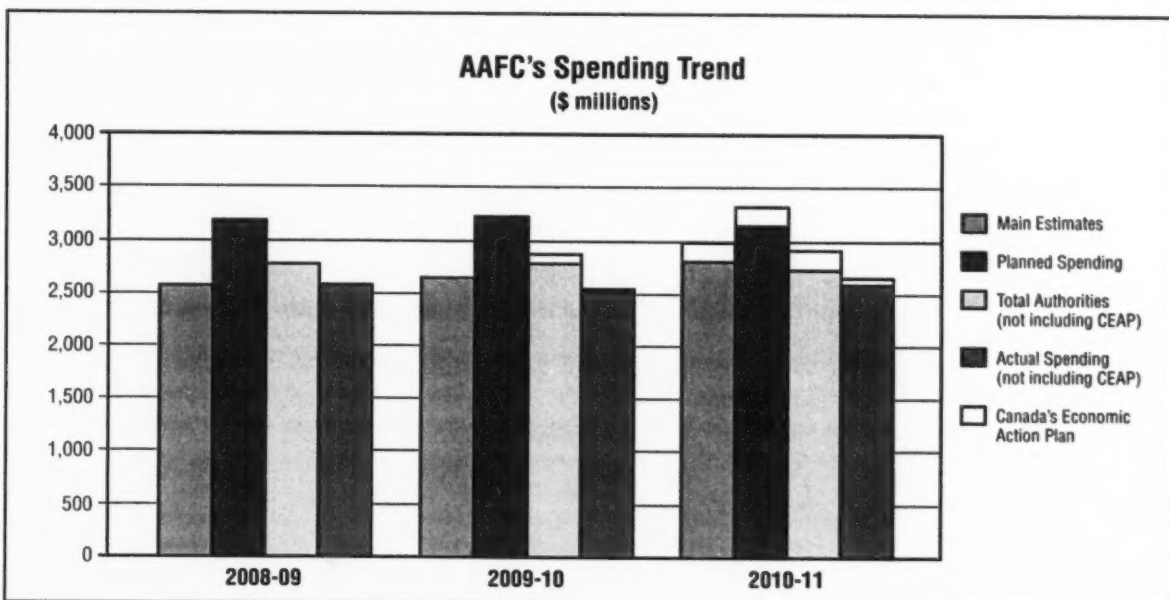
**Canada's Economic Action Plan (EAP)**

AAFC's spending plans were augmented through initiatives under EAP, recognizing that agriculture and agri-food is a vital sector of the Canadian economy. Key investments were made to help Canadian farmers maximize market opportunities and derive benefits as soon as possible, on the understanding that they have an important role in helping Canada recover from the global recession. In implementing these investments, AAFC ensured that they are complementary and integrated with *Growing Forward* programs.

Progress was achieved on the EAP initiatives in support of Canada's farm and agricultural businesses as the Government continues to make funding available to the sector. The Agricultural Flexibility Fund supported new initiatives, both federally and in partnership with provinces, territories and industry, to improve the sector's competitiveness. Under the Slaughter Improvement Program, 20 projects worth \$56 million were approved to help make red meat packing and processing facilities more competitive and accessible to farmers across Canada. The *Canadian Agricultural Loans Act* helped farmers gain easier access to credit. Transfer of Delivery of the AgriStability Program to the provinces of Saskatchewan and British Columbia was implemented with no significant client service impacts to program applicants. The Modernizing Federal Laboratories Program enabled facilities to be updated at eight AAFC laboratories. Also, the Accelerating Federal Contaminated Sites Action Plan resulted in accelerated assessment and remediation activities at several sites, thereby reducing risks to human health and the environment as well as the Department's liability risks. Detailed information regarding these EAP initiatives can be found in Section II.

## Departmental Spending Trend

The figure below illustrates AAFC's spending trend in Main Estimates, Planned Spending, Total Authorities, and Actual Spending from 2008-09 to 2010-11.



Notes:

- 1 Main Estimates figures are as reported in the Main Estimates for each respective year.
- 2 Planned Spending figures are as reported in the respective Report on Plans and Priorities. Planned Spending reflects funds already brought into the Department's reference levels as well as funding approved in the government fiscal plan, but yet to be brought into the Department's reference levels, at the time of the respective Report on Plans and Priorities. Planned Spending did not reflect Budget 2008, 2009 or 2010 information. These adjustments were subsequently made and reflected in Total Authorities.
- 3 Total Authorities reflect Main Estimates plus adjustments comprised of Supplementary Estimates and allotment transfers, adjustments to statutory amounts to equal Actual Spending, and internal adjustments and transfers, as reported in Public Accounts.
- 4 Actual Spending represents the actual expenditures incurred during each respective fiscal year, as reported in Public Accounts. In certain cases where authorized amounts are unspent, they can be reprofiled for use in future years.

Over the past three fiscal periods from 2008-09 to 2010-11, the Actual, Planned and Authorized Spending ranged from a low of \$2.6 billion in 2009-10 to a high of \$3.3 billion in 2010-11. Although the actual spending trend depicted above is generally consistent across the years, the programs and initiatives vary from year to year in response to changes affecting the agriculture, agri-food and agri-based products sector.

2009-10 included funding provided to the pork industry to support an orderly transition of the sector in view of new market challenges, while 2010-11 reflects support under the Prairie Excess Moisture Initiative, which provided emergency assistance to producers affected by flooding conditions from the spring and summer of 2010. Both 2009-10 and 2010-11 included investments under Canada's Economic Action Plan to assist in the recovery from the global economic recession.

The requirement for Business Risk Management program funding over the recent years has been lower than in the past as a result of stronger commodity prices.

Actual Spending in 2010-11 is lower than authorities as the result of several factors including the timing of the start-up of some programs. However, the majority of the unspent funding is expected to be carried forward for use in future years.

## **Estimates by Vote**

For information on organizational Votes and/or statutory expenditures, please see the 2010-11 Public Accounts of Canada (Volume II) publication. An electronic version of the Public Accounts is available at <http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html>.

## Section II

# Analysis of Program Activities by Strategic Outcome

### Performance Status Legend

Percentage of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) that was achieved during the fiscal year for the expected result identified in the corresponding RPP

**Exceeded:** More than 100%

**Met All:** 100%

**Mostly Met:** 80 to 99%

**Somewhat Met:** 60 to 79%

**Not Met:** Less than 60%

## Strategic Outcome 1: An environmentally sustainable agriculture, agri-food and agri-based products sector

AAFC supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.

### Did you know?

AAFC is partnering with farmers, industry, and universities to make agricultural tile drainage systems more environmentally sustainable. Part of this work includes examining the use of large in-ground filters called bioreactors to treat drain tile water. Bioreactors use a biological process in which naturally existing bacteria are supplied with readily available carbon feedstock such as woodchips and corn cobs. Once fed, the bacteria thrive and eat up excess nutrients such as nitrogen.



## Program Activity 1.1: Environmental Knowledge, Technology, Information and Measurement

### Program Activity Description

AAFC is focussed on supporting the sector through initiatives that enable it to use a more systematic management approach to making decisions with respect to environmental risks and help identify suitable corrective actions. The Department is conducting basic and applied research to improve scientific understanding of agriculture's interactions with the environment on the key environmental challenges facing Canada and its regions; developing sustainable agricultural practices and validating environmental and economic performance at the farm level; and developing, enhancing and using agri-environmental indicators, greenhouse gas accounting systems and economic indicators to assess the sector's environmental and economic sustainability. This program provides the platform for innovation and discovery of technologies and strategies which are used as the basis for application by the sector to improve its agri-environmental performance.

### 2010-11 Financial Resources (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
59.6	92.9	89.8

Difference in financial resources is largely due to a realignment among Program Activities.

### 2010-11 Human Resources (Full-Time Equivalents – FTEs)

Planned	Actual	Difference
692	682	(10)

Expected Results	Performance Indicators*	Targets*	Performance Status
Agriculture and agri-food sector makes decisions that incorporate sound environmental practices	Percentage of farms in Canada which have a formal Environmental Farm Plan (EFP)	34%  (The 2006 Farm Environmental Management Survey (FEMS) results indicate that 27% of all farms had an EFP. Next FEMS survey is planned for 2012.)	While the target is established for 2013, progress to date indicates that it will be achieved

\* The Performance Indicator and Target reported in the 2010-11 RPP were subsequently modified to the above performance measures as reported in the 2009-10 DPR. For further information, see Lessons Learned below.

### Performance Summary and Analysis of Program Activity

AAFC supported sector decision-making through science-based policies and programs that improve the understanding of challenges and opportunities. AAFC's expertise ranges from basic science to applied research and technical transfer, as well as measurement and reporting for priority setting. On-farm environmental risk plans were key means by which the sector incorporated environmental considerations into decision-making. Further, the Sustainable Agriculture Environmental Systems initiative

(<http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1294433605951&lang=eng>) is improving the scientific understanding of agriculture's interaction with the environment while accelerating the creation of beneficial management practices. Farmers benefit through new and improved agricultural practices that address environmental challenges such as climate variability and water management, and issues related to livestock and crop production.

Agricultural decision makers require good quality information to address complex economic and environmental issues. In response, AAFC developed a set of science-based agri-environmental indicators that integrate information on soils, climate and topography with statistics on land use and crop and livestock management. These indicators help integrate environmental considerations into decision-making processes on overall environmental risks and conditions in agriculture and how these change over time.

Agri-environmental risks and opportunities are best addressed through collaborative efforts of governments, producers and stakeholders. In 2010-11, AAFC placed special emphasis on working with its partners to adopt innovation from other countries for sustainable agriculture.

## **Lessons Learned**

Producers are responding to environmental concerns and progress is being made towards addressing the critical issues of water quality and climate change. However, further expansion and intensification of cropping and livestock production, due to an increasing demand for food and fibre or changing business conditions, could increase environmental pressure points arising from production practices unless appropriate actions are taken.

Awareness of on-farm environmental issues and how to manage them is the first step to improving environmental performance. The EFP process has become a key source of information and education for producers in Canada. It includes learning about agri-environmental issues, applying this knowledge on individual farms to identify potential environmental risks and developing an action plan to mitigate those risks. AAFC is working to better understand and report on the practices being implemented on Canadian farms for management of nutrients, pesticides, and land and water resources. To that end, AAFC has established new baseline values to better measure the decisions being made by the sector that integrate or include environmental considerations, including the number of farms in Canada which have a formal EFP.

## **Program Activity 1.2: On-Farm Action**

### **Program Activity Description**

AAFC supports farmers through direct on-farm programming that identifies environmental risks and opportunities and promotes the continuous growth of the stewardship ethic within the agriculture and agri-food sector. The Department supports farmers through: agri-environmental risk assessment and planning; providing expertise, information and incentives to increase the adoption of sustainable agriculture practices at the farm level; investigating and developing new approaches that encourage and support the adoption of sustainable agriculture practices; and increasing the recognition of the value of sustainable agriculture practices. This program supports environmental stewardship and helps reduce the sector's overall impact on the environment. It contributes to a cleaner environment and healthier living conditions for Canadian people, and a more profitable agriculture sector.



**2010-11 Financial Resources** (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
152.5	152.1	89.7

Difference in financial resources is largely due to lower expenditures than authorized in the 2010-11 fiscal year as a result of timing in implementation of *Growing Forward* programs, the complexity of proposals and timing of implementation for multi-year projects under the AgriFlexibility program, and realignment among Program Activities. A large part of this unspent funding is expected to be carried forward.

**2010-11 Human Resources** (Full-Time Equivalents – FTEs)

Planned	Actual	Difference
384	411	27

The increase in FTEs is primarily a result of realignment of resources among Program Activities.

Expected Results	Performance Indicators*	Targets*	Performance Status
Improved agri-environmental risk assessment and planning by agricultural producers	Percentage of farms in Canada taking action on their Environmental Farm Plan (EFP)	92% by Mar 31, 2013  (The 2006 Farm Environmental Management Survey (FEMS) results indicate that 90% of all farms had implemented at least 1 beneficial management practice (BMP). Next FEMS survey is planned for 2012)	While the target is established for 2013, progress to date indicates that it will be achieved

\* The Performance Indicator and Target reported in the 2010-11 RPP were subsequently modified to the above performance measures as reported in the 2009-10 DPR. For further information, see Lessons Learned below.

**Performance Summary and Analysis of Program Activity**

AAFC provides knowledge and tools for producers, land resource specialists and policy makers to support effective land management practices, agri-environment risk assessment and planning. The Department conducts basic and applied research, provides funding, and coordinates domestic and international approaches.

For example, AAFC is a founding member of the Global Research Alliance on Agriculture Greenhouse Gas Emissions (GRA). The GRA was launched in 2009 to increase international cooperation, collaboration and investment in public and private research activities to help the sector reduce greenhouse gas emissions while enhancing productivity and resilience to climate change. The expected results from these initiatives will be transferable to producers and throughout the GRA community. AAFC has developed the \$27 million Agricultural Greenhouse Gases Program as Canada's initial contribution to GRA objectives.

AAFC continues to assist the sector to realize environmental benefits and reduce environmental risks by developing economically sustainable best management practices (BMPs) and technologies. This work is complemented by ongoing scientific research to develop BMPs, technology transfer initiatives to help accelerate the adoption of environmentally sound management practices, and measuring and reporting the impact of agriculture on the environment.

## Lessons Learned

The 2006 Farm Environmental Management Survey (<http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1290544656902&lang=eng>) indicated strong adoption of nutrient management practices, such as soil nutrient testing. The 2006 survey also showed that improvements could be made to solid and liquid manure storage practices, the level of access grazing livestock have to surface water and the timing of pesticide applications.

BMP adoption levels, however, should be interpreted with caution. Farm management practices and their potential environmental impacts vary regionally since agricultural production, soil and landscape characteristics, weather and other factors differ across the country. Work is under way by AAFC to better understand these regional differences through an objective BMP Adoption Index that reflects the practices being implemented on farms by province and commodity. This work has led to the development of a new indicator and target to better reflect all programming in this area.

## Strategic Outcome 2: A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

Canada's capacity to produce, process and distribute safe, healthy, high-quality and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets for the sector by meeting and exceeding consumer demands and expectations. Proactive risk management to ensure food safety, market development and responsiveness, and improved regulatory environment contribute directly to the economic stability and prosperity of Canadian farmers and provide greater security for the Canadian public regarding the sector.

### Did you know?

Japanese and Mexican consumers have very positive perceptions of Canada and our food and beverage products. In fact, recent polling of consumers in these countries revealed that they perceive Canadian food products to be safe, clean, fresh, and high quality. However, Canadian products that do make their way to the grocery shelves in these countries are rarely identified as being from Canada. Through AAFC's Canada Brand program efforts are underway to change this. Canadian companies who export to these countries are encouraged to become Canada Brand members so they can use the brand identifiers, including the stylized maple leaf, recognized by Mexican and Japanese consumers as a symbol of Canada, on their product packaging.

## Program Activity 2.1: Business Risk Management

### Program Activity Description

AAFC, in partnership with the provinces and territories, has a comprehensive suite of BRM programs to better equip producers with the tools and capacity to manage business risks. These programs consist of coverage for small income declines through AgriInvest, margin-based support for larger income losses through AgriStability, rapid assistance to producers through the disaster relief framework AgriRecovery, and protection against production losses due to uncontrollable natural hazards through AgriInsurance.

In addition, the Department provides assistance to producers through several financial guarantee programs. For instance, the Advance Payments Program facilitates the marketing of producers' crops when market conditions and prices may be more favourable.

### 2010-11 Financial Resources (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
1,996.2	1,477.6	1,452.5

The reduced requirement for Business Risk Management program funding is primarily due to stronger commodity prices.

### 2010-11 Human Resources (Full-Time Equivalents – FTEs)

Planned	Actual	Difference
549	486	(63)

The decrease in FTEs is primarily a result of the transfer of delivery of the AgriStability program from the federal government to British Columbia and Saskatchewan, which is an initiative under Canada's Economic Action Plan discussed in Section II.

Expected Results	Performance Indicators	Targets	Performance Status
Producers' income losses are reduced	Current year producers' net market income (NMI) plus BRM payments compared to the previous five-year average NMI plus BRM payments for the sector	85% of the previous five-year average NMI plus BRM payments by Mar 31, 2011	Exceeded

### Performance Summary and Analysis of Program Activity

BRM programs under *Growing Forward* ([www.agr.gc.ca/growingforward](http://www.agr.gc.ca/growingforward)) are comprised of AgriInvest, AgriStability, AgriInsurance, and the AgriRecovery framework. All programs in the suite work together to provide comprehensive farm income protection against the impacts of income or production losses and to help industry become more proactive in managing risks, while being more responsive, predictable and bankable.

BRM programs and other BRM-related payments totalling \$1.45 billion helped stabilize net income (net market income plus BRM program payments) at a level higher than the five-year historical levels at 121%, exceeding the 85% target. This result is based on 2008 tax information, the most current information available. Program payments in 2008 represented a decrease of \$766 million from the previous year. At the same time, the value of net market income increased by 44%, from \$3.79 billion in 2007 to \$5.47 billion in 2008.

A survey of Canadian producers in March 2010 showed a majority (78%) of those who have used two or more BRM programs agreed that they helped minimize financial risks. This survey collected information directly from producers on their risk management approaches and their views on the effectiveness of BRM programs.

Under AgriStability ([www.agr.gc.ca/agristability](http://www.agr.gc.ca/agristability)), payments are made when a producer suffers a significant loss. For producers receiving program payments, their current year margins improved from about 24% of their historical average margin to 63% in the 2008 program year, slightly below the target of 65%. Participation in the program has declined largely due to improved farm incomes, particularly in the grains and oilseeds sector. However, the program continues to play a significant role in the management of risk on Canadian farms with the percentage of market revenues covered by the program being 68% (Target: 75%). According to the 2009 BRM survey, about 60% of producers indicated that the program helped them recover their income loss.

Under AgriInvest ([www.agr.gc.ca/agriinvest](http://www.agr.gc.ca/agriinvest)), producer contributions to a savings account are matched by federal and provincial and territorial governments to help manage smaller income declines or investments in the farm operation. Participation in AgriInvest reached over 70% of all Canadian producers in the 2008 program year, which was similar to the first year of the program (Target: 65%). Participation has declined with the implementation of the deposit requirements, but remains significant. About 60% of participants who suffered an income decline and triggered AgriStability payments in 2008 also made withdrawals from their AgriInvest accounts (Target: 60%), suggesting that the majority of producers are using the program to manage income declines. The 2009 BRM survey indicated that 90% of those who withdrew money from the accounts used it to address income declines and 54% of producers viewed the program as an effective risk management tool. As program understanding and account balances increase, it is expected that the percentage of producers viewing the program as an effective management tool will increase.

AgriInsurance ([www.agr.gc.ca/agriinsurance](http://www.agr.gc.ca/agriinsurance)) provides insurance protection to producers against the impacts of declines in production. In the 2009-10 crop year, about 87% of the value of all crops grown in Canada was insurable (Target: 85%). The value of crops grown in Canada that was actually insured represented about 63% of the total value of all agricultural products eligible for insurance (Target: 60%). Work is continuing to develop further livestock production insurance where there is an industry interest. Only limited livestock plans have been implemented to date, but officials are working to ensure consistency across the country and that both private and public sector plans can play a role in supporting the industry's insurance needs. The 2009 BRM survey revealed that the producers who received insurance payments over the past five years indicated it met their expectations in terms of amount (65% of respondents), the payments helped them recover from production loss (87%), and payments arrived in a timely manner (81%).

AgriRecovery ([www.agr.gc.ca/agrirecovery](http://www.agr.gc.ca/agrirecovery)) helps federal, provincial and territorial governments respond to disasters. Since the implementation of the AgriRecovery under *Growing Forward*, federal, provincial and territorial governments have committed nearly \$785 million under 26 initiatives to help producers affected by natural disasters in various regions across Canada. In 2010-11 alone, governments put in place 12 initiatives including the Prairie Excess Moisture Initiative with a commitment of nearly \$601 million in disaster relief assistance. Discussions with provinces indicate that almost all of the producers who received AgriRecovery assistance indicate it has helped in the recovery of their operations, surpassing the target of 75%. In most cases, the producers were still in business one year after the disaster payments.

The Department also supported the consolidation of the Canadian hog sector. The two-year Hog Farm Transition Program helped the sector to transition to new market realities by providing a total of \$71.9 million to 446 successful bidders who agreed to empty their barns and cease production for three years.



## Lessons Learned

Together with provinces and territories, the Department continued to monitor performance through the BRM Performance Measurement Framework to ensure the programs are meeting their objectives. The information on the performance of the programs has been shared with industry stakeholders and will continue to inform the program development process for the next agricultural policy framework. In general, the programs are playing a significant role in stabilizing producer income concerns. However, producers' concern about timeliness and predictability remains, as indicated by the 2009 BRM Service Delivery Client Satisfaction Survey (<http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1259181067640&lang=eng>) and further reinforced by the 2010 Service Excellence Focus Group Study (<http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1285687055579&lang=eng>). These concerns will be considered in the discussions leading up to program design under the next agricultural policy framework.

An evaluation of AAFC's response to the bovine spongiform encephalopathy (BSE) crisis was completed in 2010-11. The evaluation found that the Department achieved its key objectives of sustaining the industry through the crisis, avoiding a mass slaughter of cattle herd, and maintaining producer and consumer confidence in the industry. In terms of the lessons learned, the evaluation identified several considerations relevant for the design of future disaster-related initiatives, including the importance of maintaining knowledge of current market structures in the design of future disaster-related initiatives.

## Program Activity 2.2: Food Safety and Biosecurity Risk Management Systems

### Program Activity Description

AAFC supports producers and organizations in the development and implementation of food safety, biosecurity and traceability risk management systems to prevent and control risks to the animal and plant resource base thus strengthening the sector against widespread diseases and losses in domestic and foreign markets. The risk management systems are national, government-recognized on-farm and/or post-farm Hazard Analysis of Critical Control Points (HACCP) or HACCP-based food safety systems, National Biosecurity Systems, and a National Agriculture and Food Traceability System. These systems also support emergency management to limit the spread of animal and plant diseases, thereby reducing economic, environmental and social impacts of a crisis. A National Animal and Plant Biosecurity Strategy provides overall policy direction ensuring efforts are targeted at the highest possible biosecurity risks. Eligible recipients include national or regional non-profit organizations, producers and industry stakeholders.

### 2010-11 Financial Resources (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
154.8	144.8	95.2

Difference in financial resources is largely due to lower expenditures than authorized in the 2010-11 fiscal year as a result of timing in implementation of *Growing Forward* programs, the complexity of proposals and timing of implementation for multi-year projects under the AgriFlexibility program and the Budget 2011 announcement to extend the existing Initiative for the Control of Diseases in the Hog Industry for an additional two years. A large part of this unspent funding is expected to be carried forward for use in future years.

**2010-11 Human Resources** (Full-Time Equivalents – FTEs)

Planned	Actual	Difference
349	342	(7)

Expected Results	Performance Indicators*	Targets*	Performance Status
Increased safety of the food systems	Percentage of producers participating in HACCP-based programs reporting adoption of food safety practices	45% by Mar 31, 2013	Progress measured to date indicates that the target should be met (The 2005 survey showed a level of participation of 28% for HACCP-based program; in 2008, the survey indicated a participation of 39%)

\* The Performance Indicator and Target reported in the 2010-11 RPP were subsequently modified to the above performance measures as reported in the 2009-10 DPR. For further information, see Lessons Learned below.

**Performance Summary and Analysis of Program Activity**

Many Canadian farmers now are adopting HACCP-based food safety systems in a wide range of commodities. These include livestock (dairy, beef, pork, and veal) poultry (chicken, eggs, hatching eggs, and turkey) and horticulture (potatoes, fruit and nut, vegetable and melon, and greenhouse products).

During the reporting period, AAFC had agreements with 11 producer organizations and seven agri-business organizations to develop or enhance food safety systems and with 11 producer organizations to develop traceability systems.

AAFC, in collaboration with CFIA and its provincial and territorial partners, committed to phasing-in a comprehensive, mandatory, national traceability system for cattle, hogs, sheep, and poultry by 2011. Industry will take the lead, with government support. Identification of animals and premises will be the foundations of the traceability system to enable the movement of animals to be accurately recorded. Individual sector implementation plans for all livestock and poultry sectors will include the technical and legal processes required for these systems to operate.

Progress in 2010-11 included: amendments to the *Health of Animals Act* to include traceability regulations for hogs (with amendment processes begun for cattle, sheep and poultry); a working national traceability system for hogs; approval of national traceability standards; pilot of a Traceability National Information Portal to allow authorized parties to access traceability data from multiple sources; progress towards a national database service that combines elements of the existing Canadian Cattle Identification Agency and Agri-Traçabilité Québec databases; advances in traceability at co-mingling sites (feedlots, auction marts, fairs and exhibitions, etc.); and advances in premises identification and recording of animal movements in the priority sectors.

The Animal and Plant Health Research Program undertakes science to support national aims of food safety and biosecurity. Threats to national food security including the influence of emerging catastrophic diseases, such as clubroot disease of canola and the wheat stem rust pathotype Ug99, are identified as targets for this initiative and multi-team research has been launched. The factors responsible for genetic resistance to wheat stem rust Ug99 and the genes involved in resistance to clubroot were identified, and incorporation into new germplasm is in progress. Alternatives to antibiotic use in animal feeds, and

science to mitigate food safety risks in food production, processing and distribution, are also included in the research. It has been demonstrated that the beneficial effect of antibiotics in animal feeds is mediated by the host immune system and opens the way to novel alternative strategies for production of antibiotic-free livestock.

## Lessons Learned

To better reflect on-farm food safety in this Program Activity, the performance measurement has been changed. It focuses on producers participating in HACCP-based on-farm food safety systems rather than simply the percentage of producers indicating that they have adopted food safety practices. This reflects the fact that the majority of the national producer organizations are developing HACCP-based on-farm food safety systems.

## Program Activity 2.3: Trade and Market Development

### Program Activity Description

AAFC acts as Canada's agricultural trade advocate, working to break down trade barriers at home and abroad and expand opportunities for the agriculture, agri-food and agri-based products sector.

The Department assists the sector in identifying new domestic and global opportunities, markets and ways to enhance productivity, competitiveness and prosperity. AAFC also works to distinguish Canadian products under *Canada Brand International* and the *Domestic Branding Strategy* to expand and deepen the sector's strengths in the marketplace.

### 2010-11 Financial Resources (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
116.3	123.0	93.4

Difference in financial resources is largely due to a realignment among Program Activities as well as lower expenditures than authorized in the 2010-11 fiscal year as a result of the complexity of proposals and timing of implementation for multi-year projects under the AgriFlexibility program.

### 2010-11 Human Resources (Full-Time Equivalents – FTEs)

Planned	Actual	Difference
378	428	50

The increase in FTEs is primarily a result of the creation of the Market Access Secretariat and a realignment of resources among Program Activities.

Expected Results	Performance Indicators*	Targets*	Performance Status*
A competitive sector that has the necessary attributes to strategically position itself to take advantage of new market opportunities, and/or to reposition itself to protect against changing market risks	Growth in total exports of agriculture and food	Reach a level of exports of \$40 billion by Mar 31, 2013	Met All (in terms of progress during the reporting period towards the 2013 target)

\* When the performance indicator was first developed, a 1997 base year was used for deflating the growth in exports, which is reflected in the 2010-11 RPP. Since then, current year dollars have been adopted as a more meaningful basis for measuring and reporting performance.



## Performance Summary and Analysis of Program Activity

In 2010, Canada exported \$39.4 billion worth of agriculture, agri-food and seafood products to 194 countries, 42 of which purchased more than \$100 million. This represented a 1.4% increase from 2009. The United States continued to be Canada's largest export destination; exports to the U.S. were valued at \$20 billion, a slight decrease from 2009.

A key factor in the success of Canada's agriculture and agri-food industry in global markets is reliable and timely market intelligence. AAFC provided intelligence to a growing number of industry clients and provincial partners, including Canadian trade data on export commodities and markets that helped Canadian agricultural companies make business decisions.

In 2010-11, the Department continued to move forward with its multilateral and bilateral trade agenda. Negotiations with India, Ukraine and Morocco were successfully launched. The free trade agreement with Colombia was concluded, opening markets for key Canadian exports like beef and grains. Free trade agreements with Jordan and Panama are also expected to be implemented in 2011. Ongoing negotiations with the European Union continued to advance, as well as negotiations with Honduras and the Caribbean Community. Multilateral negotiations at the World Trade Organization (WTO) remained a work in progress.

The market access agenda for 2010 identified 10 priority markets to guide market access work. The priority markets included six established markets: United States, Mexico, Japan, South Korea, European Union, and Taiwan, and four emerging markets: Russia, India, China, and Indonesia. AAFC's 33 trade commissioners worked in 19 of our largest markets to advance and defend Canada's bilateral agri-food trade interests.

AAFC worked to promote science-based trade rules and to influence international standard-setting to provide a level playing field for Canadian exports. For example, Canada completed legal arguments to the WTO panels examining the U.S. Country of Origin Labeling (COOL) provisions and Korea's bovine spongiform encephalopathy bans on beef. A panel decision on U.S. COOL was expected in mid-2011. In parallel to the WTO panel process, Canada and Korea are also negotiating a science-based bilateral agreement aimed at securing commercially viable beef access.

The Canada brand ([www.marquecanadabrand.agr.gc.ca](http://www.marquecanadabrand.agr.gc.ca)) continued to gain momentum at home and abroad. Research showed that this country's food processors can better compete against imports by more clearly identifying products grown, raised or processed in Canada. Putting a maple leaf on the front of a product label or package, and in close proximity to a Canadian content statement, increases sales of the product. Subsequent in-store pilot projects in three Canadian regions confirmed the results.

Internationally, results of public opinion research in Japan, South Korea and Mexico informed branding strategies to increase the visibility and desirability of Canadian products in those countries. Several marketing activities, including restaurant and retail chain promotions, helped increase consumer awareness of Canadian food.

The AgriMarketing Program ([www.agr.gc.ca/agrimarketing](http://www.agr.gc.ca/agrimarketing)) brought greater cohesion to individual associations' marketing efforts, especially with regards to branding Canadian food in international markets. The value of exports grew 3% between 2009 and 2010 in sectors represented by associations that received funding.

## Lessons Learned

Branding is an educational process and progress is gaining momentum. Many national industry associations have now incorporated the Canada brand messaging into their marketing materials. However, success in branding can be difficult to quantify and a new performance measurement matrix is being developed.

The application and review process for the AgriMarketing Program will be further improved based on an analysis of the 2010-11 process. For example, the Department will focus on better integrating departmental sources of expertise into a unified analysis of funding applications; it will ensure a sound rationale for recommending funding for repeat activities from a previous year; and will reduce the level of individual funding recommendations to match closely with prior years' expenditures. These measures will also help ensure improved performance measurement and reporting in the future.

## Program Activity 2.4: Regulatory Efficiency Facilitation

### Program Activity Description

AAFC is undertaking initiatives to ensure that the regulatory environment promotes sector innovation, investment and competitiveness, while protecting the health of Canadians and the safety and security of our food supply. The Department recognizes that with the rapid pace of technological advancement and emerging gaps between international and domestic regulatory policies, Canada's regulatory environment will need to increase capacities and accelerate modernization to be responsive. Initiatives under this Program Activity involve working with stakeholders along the value chain to enhance their ability to fulfill regulatory requirements, and collaborating with federal partners and industry to find ways of streamlining the regulatory burden through targeted actions on sector priorities, while at the same time maintaining the integrity of Canada's strong regulatory system. Improving the timeliness and transparency of science-based regulatory decision-making will also contribute to improved public and stakeholder confidence.

### 2010-11 Financial Resources (\$ millions - net)

Planned Spending	Total Authorities	Actual Spending
35.9	25.8	12.1

Difference in financial resources is largely due to a realignment among Program Activities.

### 2010-11 Human Resources (Full-Time Equivalents - FTEs)

Planned	Actual	Difference
61	57	(4)

Expected Results*	Performance Indicators*	Targets*	Performance Status
Increased minor-use pesticides, reduced-risk pest management tools, health claims, novel foods, and ingredients that are permissible or available for use	Number of regulatory policies that are changed to facilitate innovation in pest management, health claims, novel foods, and/or ingredients	5 by Mar 31, 2013	Met all
	Number of submissions for minor-use pesticides, health claims, novel foods, and/or ingredients that meet regulatory requirements	45 annually	Exceeded
	Number of reduced risk pest management tools available for use	4 annually	Exceeded

\* As detailed in the 2009-10 Departmental Performance Report, the Expected Results, Performance Indicators, and Targets were revised to better reflect the performance objectives.

## Performance Summary and Analysis of Program Activity

Commitments in the area of minor-use pesticides and pesticide risk reduction included: establishing a yearly national list of grower-selected pest management priority projects; generating data and preparing regulatory submissions for new uses of pesticides including biopesticides; and developing and implementing pesticide risk reduction strategies. Achievements included 80 minor-use pesticides submissions and 20 new reduced risk tools, which included: 10 biopesticide uses registered, seven decision-support tools, and a new integrated pest management system for insect pests of grapes. These results will lead to increased grower access to new minor uses of pesticides, tools, technologies and practices to reduce the risk to human health and the environment. This will also lead to reduced trade barriers and improve Canada's competitive position in international markets. Performance for 2010-11 was on target.

Key achievements included:

- helping establish a national grower-led priority selection process for pest problems;
- providing data and preparing associated regulatory submissions for new minor uses of pesticides and biopesticides;
- continuing to work towards acceptance of global data to harmonize pesticide residue levels in Canada with other jurisdictions; and
- helping collect information for crop profiles focusing on pest management issues and developing, testing and providing pesticide risk reduction tools, practices and technologies to growers.

The goal in the area of health claims, novel foods and ingredients is to accelerate the innovation and market entry of new food products with added health benefits. This is accomplished by informing industry about the regulatory system and by collaborating with domestic and international research networks to scientifically substantiate health benefits and new claims for innovative food products. Advice provided to industry and sector groups resulted in two health claim and two novel food submissions meeting regulatory requirements, and sector analysis-based input led to regulatory policy updates in areas such as health claims, dietary fibre and prebiotics (ingredients to help build healthy bacteria in the digestive system). Other key achievements included:

- increasing industry understanding of food regulatory processes and requirements through education projects and submission-specific guidance;
- informing sector planning through information and by providing the necessary tools to assess the viability of health claims in the context of market opportunity and scientific readiness;
- continuing with national research projects to address knowledge gaps in validating health claims in areas such as oats, barley, pulses and heart health, and fructans (a type of fruit sugar) and digestive health; and
- identifying research gaps for priority food/health links to guide sector efforts and departmental scientific research proposals in areas such as canola, soy, flax and heart health; fruits, vegetables and antioxidant status; and probiotics (i.e. healthy bacteria) and digestive health.

## **Lessons Learned**

There continue to be challenges to program implementation and performance, but the regulatory system is becoming more responsive to the changing needs of the agri-food sector. Interdepartmental collaboration will remain a priority in ensuring program implementation and performance. Continued communication with stakeholders about data generation and drafting regulatory submissions is critical to the program's relevance and success.

A horizontal evaluation of the Building Public Confidence in Pesticide Regulation and Improving Access to Pest Management Products Initiative (PBC Initiative), led by Health Canada's Pest Management Regulatory Agency, was completed in 2010-11. The evaluation found that external stakeholders generally view the pest management strategies stream of the PBC Initiative as making a positive contribution to increasing the availability of minor use products to Canadian growers and, to a lesser extent, fostering the development of pesticide risk reduction strategies. However, the evaluation also found that departments need to improve their understanding of the degree to which growers may be aware of pesticide risk reduction strategies and the extent to which strategies developed with the support of the Pesticide Risk Reduction Program are being used.

The evaluation of the Pest Management Strategies recommended that participating departments and agencies assess the minor use technology gap facing Canadian growers, and develop an integrated approach to measuring and reporting on potential minor use registrations received, registrations reviewed and new minor uses registered.



## Program Activity 2.5: Farm Products Council of Canada

### Program Activity Description

Established through the *Farm Products Agencies Act*, the Farm Products Council of Canada (FPCC), formerly known as the National Farm Products Council, is a unique public interest oversight body that reports to Parliament through the Minister of Agriculture and Agri-Food. The Act provides for the creation of national marketing and promotion research agencies. The FPCC supervises these agencies and works with them to ensure that the supply management system for poultry and eggs and the check-off system for beef cattle work in the balanced interest of all stakeholders, from producers to consumers. The FPCC is also an active proponent of portfolio management by providing advice to the Minister and maintaining relationships with provincial governments.

### 2010-11 Financial Resources (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
2.8	3.1	2.8

### 2010-11 Human Resources (Full-Time Equivalents – FTEs)

Planned	Actual	Difference
26	24	(2)

Expected Results	Performance Indicators	Targets	Performance Status
The supply management system for poultry and eggs, as well as check-off system for beef cattle, works in the balanced interests of all stakeholders, from producers to consumers	Percentage Market Share: Producers maintain their relative share of the Canadian market for broiler hatching eggs and chicks, chicken, table eggs, and turkey	Relative market share remains above 80% throughout 2010-11	Met All
	Variations in consumer price indices for the regulated products are consistent with those of other unregulated agricultural products	Consumer price indices variations for regulated agricultural products throughout 2010-11 remain within plus or minus 10 percentage points of those of unregulated agricultural products throughout the same period	Met All

**Note:** The Performance Indicators discussed in this section stem from two sources. For hatching eggs, the indicator is derived from data produced by Canadian Hatching Egg Producers. For chicken, turkey and eggs, the indicators are derived from data tables produced by Statistics Canada. Also, because hatching eggs are not purchased by consumers, the Consumer Price Index indicator does not apply to this product.



## **Performance Summary and Analysis of Program Activity**

FPCC ([www.fpcc-cpac.gc.ca](http://www.fpcc-cpac.gc.ca)) continued to oversee the activities of the national marketing agencies responsible for chicken, eggs, hatching eggs, and turkey, as well as the promotion research agency for beef cattle.

During the reporting period, supply-managed producers maintained their relative shares of the domestic market. The domestic market share for Canadian chicken increased slightly from 81.4% to 81.5%, and for eggs from 90.7% to 93%. The domestic market share for Canadian turkey decreased slightly from 95.5% to 95% and for hatching eggs from 83.1% to 82.8%. Overall, variations were minimal and Canadian producers' domestic market shares remained above the 80% threshold.

Between January and December 2010, the Consumer Price Index (CPI) for All Foods increased by 1.7%. The CPI increased by 3% for turkey and 2.5% for eggs. For its part, the CPI for chicken decreased by 0.1%. While consumer prices for eggs and turkey rose faster than consumer prices for food in general, the differences were well within the 10% target range. Because consumer prices for food in general increased while that of chicken decreased, this commodity became relatively more affordable for Canadian consumers.

Throughout 2010-11, FPCC continued to implement its *2009-12 Strategic Plan* (<http://www.fpcc-cpac.gc.ca/index.php/eng/home/140?task=view>). In this regard, FPCC worked with industry stakeholders to revise its *Guidelines for the Disposition of Complaints* as well as *Agency Auditors Appointment Guidelines* and *Agency Inspectors Designation Guidelines*. These guidelines will allow FPCC to better fulfill its mandate and facilitate complaints resolution.

## **Lessons Learned**

Cooperation was at the heart of the supply management system that farmers built with federal and provincial authorities in the '70s. As these industries, and the environment they operate in, evolve and new challenges emerge, maintaining cooperation and collaboration throughout the value chain is essential to the success of the system.

Collaboration and increased communication with national marketing and promotion research agencies, provincial supervisory boards and other industry stakeholders throughout 2010 allowed for substantial progress to be made on several issues relevant to the efficiency of supply management and the performance of the beef cattle sector. This helped ensure that these industries continue to work in the balanced interest of all stakeholders.

## **Strategic Outcome 3: An innovative agriculture, agri-food and agri-based products sector**

Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Such innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness and sustainability of Canada's agriculture, agri-food and agri-based products sector and its rural communities.

**Did you know?**

June 2011 marked the 125th anniversary of agricultural research at AAFC (<http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1307481062451&lang=eng>). Over the 125 years, the Department has made a huge impact on the success of Canadian agriculture and agri-food, and the quality of life of Canadians and the growth of our economy.

For example, departmental researchers released close to 100 new wheat varieties that gave Canada a competitive edge in international markets, and they helped establish Canada as the world leader in canola. AAFC researchers also bred the Shepody potato that became one of the top french fry varieties in the world, and developed a unique fruit dehydration system that helped Canada break into the US market for dried cranberry products.

## Program Activity 3.1: Science, Innovation and Adoption

### Program Activity Description

AAFC contributes to the competitiveness of the agriculture, agri-food and agri-based products sector by supporting innovation designed to improve profitability in new and existing products, services, processes and markets.

Coordinated and informed planning and decision-making is supported with strategic foresight, research, and information sharing with industry, government and academia. Collaborative action is promoted to accelerate the flow of science and technology along the innovation continuum in support of industry defined strategies for future success. Farmers, agri-entrepreneurs and agri-based small- and medium-sized enterprises are supported in their efforts to adopt new technologies and commercialize new products and services. Pathfinding and transformational research help to define future opportunities and prepare the sector for emerging opportunities and challenges.

### 2010-11 Financial Resources (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
408.8	368.0	360.3

Difference in financial resources is largely due to lower expenditures than authorized in the 2010-11 fiscal year as a result of the complexity of proposals and timing of implementation for multi-year projects under the AgriFlexibility program as well as realignment among Program Activities. A large part of this unspent funding is expected to be carried forward.

### 2010-11 Human Resources (Full-Time Equivalents – FTEs)

Planned	Actual	Difference
1,420	1,488	68

The increase in FTEs is primarily a result of a realignment of resources among Program Activities.

Expected Results	Performance Indicators*	Targets*	Performance Status
An agriculture and agri-food sector that utilizes science and innovation to improve or transform commodities into new value-added or bio-product opportunities for processors, producers and rural communities and new life sciences products for consumers	<p>Canadian Agriculture Net Value Added</p> <p>NOTE: This is a measure of the total economic value of agriculture production, as determined by Statistics Canada</p>	<p>\$11.29 billion, for calendar year 2012</p> <p>NOTE: Determined by the previous 29 calendar year straight-line trend of Canadian Agriculture Net Value Added</p>	<p>Met All</p> <p>The actual value of \$11.01 billion for calendar year 2010 is reported by Statistics Canada, and is in line with expected progress towards achieving the target value</p> <p>NOTE: Reported by the Statistics Canada in May 2011</p>

\* The Performance Indicator and Target that were presented in the 2010-11 RPP have been modified to better measure and report on departmental performance towards achieving expected results.

## Performance Summary and Analysis of Program Activity

AAFC researchers enhanced knowledge and developed technology that helps the sector capture new business opportunities in emerging markets for food, feed, fibre, health and wellness, energy, and industrial products and ingredients.

The Canadian Agriculture Net Value Added is projected to be approximately \$11.29 billion for calendar year 2012, by applying a straight-line trend to previous years' data. The actual Canadian Agriculture Net Value Added for calendar year 2010 is reported by Statistics Canada as \$11.01 billion, demonstrating satisfactory progress towards the target.

Over a 10-year period, AAFC helped create wealth that included over \$1 billion in certified seed sales. The economic impact on the wheat sector alone using AAFC cultivars has been estimated to be over \$3.3 billion in annual grain sales based on Canadian production data. (Information source: *Deploying Intellectual Property for Economic Growth: An Analysis of IP Performance Indicators*, a Managements Solutions Inc. study commissioned by AAFC.)

Under the Canadian Agri-Innovations Program, the Developing Innovative Agri-Products (DIAP) initiative (<http://www.agr.gc.ca/agri-products>) is supporting 41 industry-led science and technology projects that bridge the gap between ideas, discoveries and products in the marketplace. Funding of \$41.1 million was approved. Industry is matching this funding with a minimum of 25% cash contributions or \$18.6 million towards total project costs, with a total investment (AAFC plus industry) of \$59.7 million.

The Canadian Agri-Science Cluster Initiative (<http://www.agr.gc.ca/agriscience-clusters>) helps key industry-led agricultural organizations bring together national scientific and technical resources to establish clusters of research in support of national agri-sector priorities. AAFC funding of \$68.8 million was approved for 10 initiatives in the following sectors: beef cattle, dairy, swine and pork, poultry, canola and flax, pulse, wheat breeding, edible horticulture, ornamental horticulture, and organic agriculture. Industry is matching with cash contributions of approximately 25%, or \$22.4 million. Other governments contribute an additional \$3 million. This public-private partnership represents an investment in excess of \$94 million. There are 19 Canadian universities, 35 private and public research centres and organizations, and 160 AAFC scientists involved directly in clusters research.

The Agricultural Bioproducts Innovation Program (ABIP) (<http://www.agr.gc.ca/abip>), was a five-year program that concluded on March 31, 2011. This Program helped develop crops and cropping systems to convert feedstocks into agricultural bioproducts; develop more effective and efficient technologies for biomass conversion; and develop products in the areas of bioenergy, agricultural and industrial chemicals, biomaterials, and health. ABIP increased Canada's R&D capacity in the bioproducts and bioprocessing sector.

The Canadian Agricultural Adaptation Program (<http://www.agr.gc.ca/caap>) is a five-year, \$163 million program launched in 2009. The Program helps the agriculture, agri-food, and agri-based products sectors adapt and remain competitive. By the end of 2010-11, 335 projects had been approved with a commitment of \$45 million. The original target for 2009-10 and 2010-11 of 320 projects was exceeded.

The Agri-Opportunities Program (<http://www.agr.gc.ca/agri-opportunities>) was a five-year program that concluded March 31, 2011. The Program accelerated the commercialisation of new innovative, value-added agricultural, agri-food and agri-based products, services and processes. Priority was given to projects that increased market opportunities for the Canadian agricultural industry across the value chain and generate demand for primary agricultural products. In total, by the end of March 2011, 27 contribution agreements had been signed for Agri-Opportunities. In 2010-11 alone, the Department contributed more than \$15.1 million, bringing the program total to \$36.5 million for the contributions component. It is important to note that each of the 27 funded projects is expected to realise the majority of the benefits within three to five years after completion of the actual project work. This includes adding value to primary agricultural products.

The ecoAgriculture Biofuels Capital Initiative (<http://www.agr.gc.ca/ecoabc>) (ecoABC) is a key element of the federal government's renewable fuels strategy to develop a strong domestic renewable fuels industry. The ecoABC initiative is increasing farmer participation in the biofuel industry and contributing to the government's biofuel content target in transportation fuels. The Program provides repayable contributions to facilities, with a certain percentage of farmer investment, and use agricultural feedstock to produce biofuel. ecoABC has committed \$53 million to nine biofuel projects. This represents 690 million new litres per year of biofuel production and \$48 million of investment by over 534 farmers. The ecoABC Initiative met its program target for both the number of contribution agreements and for new biofuel facilities built or expanded in Canada. The ecoABC initiative somewhat met its target for increased annual production of biofuel.

## Lessons Learned

Science research was audited by the Office of the Auditor General (OAG), covering 2005-06 to September 2009. The findings of this audit are covered in the spring 2010 OAG report. AAFC is implementing several actions to address the concerns raised in the report, including: better communicating strategic direction and ensuring the timely sharing of research results; improving management of research partnerships; improving planning and reporting practices; strengthening human resources planning to ensure the Department has the highly skilled people to do the work, and developing an infrastructure investment plan that supports research priorities.

Innovative research activities in the bioproducts sector require significant time and resources to progress from innovation in the lab to commercialization. The ABIP evaluation team reported that innovation and commercialization projects in this emerging sector often require long lead times of five to 10 years before longer-term outcomes from R&D activities are achievable.



AAFC undertook several evaluations of innovation-related programs in 2010-11, including ABIP, ecoABC and the Agri-Opportunities program. The evaluations found that overall, AAFC innovation programs are aligned with federal priorities, contribute directly to departmental strategic outcomes for a competitive and innovative sector, and remain relevant as the sector continues to require government support to address barriers to innovation. Going forward, several areas for improvement were identified. These included reducing application processing times and to address the challenge of measuring and monitoring the performance of innovation programs within a five-year timeframe.

## Program Activity 3.2: Agri-Business Development

### Program Activity Description

This Program Activity builds awareness of the benefits and encourages the use of sound business management practices to enable businesses to be profitable and invest where needed to manage the natural resource base sustainably and to market and produce safe food and other products.

The Agri-Business Development Program Activity provides funding for activities related to business management practices and skills that: strengthen the capacity of businesses in the sector to assess the financial implications of business improvements, including the impact of environmental plans, food safety systems and innovation projects on their business profitability; manage transformation, respond to change and adopt innovation in business operations; help agri-business owners understand their financial situations, implement effective action and business management plans and practices, and provide for enhanced participation by young or new entrants, First Nations clients, and clients in specific sub-sectors in transition.

### 2010-11 Financial Resources (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
72.9	148.9	104.3

Difference in financial resources is largely due to a realignment among Program Activities to provide additional support to the livestock sector. A large part of this unspent funding is expected to be carried forward.

### 2010-11 Human Resources (Full-Time Equivalents – FTEs)

Planned	Actual	Difference
51	42	(9)

Expected Results	Performance Indicators	Targets	Performance Status
Increased realization of business goals	Percentage of participating businesses in the Agri-Business Development program activity meeting their business/career goals	55% by Mar 31, 2013	Met (Achievements to date indicate progress towards meeting the target by the due date)



## Performance Summary and Analysis of Program Activity

Under Agri-Business Development, AAFC offers federal initiatives and supports provincial and territorial initiatives to assist businesses to remain profitable. These initiatives help businesses understand and manage their finances, identify necessary investments, and develop managerial skills. Key initiatives include:

- the Farm Debt Mediation Service (FDMS) ([www.agr.gc.ca/fdms](http://www.agr.gc.ca/fdms)), a legislated program that provides insolvent farmers and their creditors with mediation services to help them arrive at mutually satisfactory arrangements;
- the Business Development program (<http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1238591099980&lang=eng>) encourages sound business management practices, while also enabling businesses in the sector to be profitable and invest where needed to manage the natural resource base sustainably, and to produce and market safe food and other products;
- the Career Focus Program ([www.agr.gc.ca/careerfocus](http://www.agr.gc.ca/careerfocus)) that funds agriculture-related internships that employ recent graduates in agriculture, agri-food, agri-food science, and veterinary medicine; and
- the Slaughter Improvement Program ([www.agr.gc.ca/slaughterhouse](http://www.agr.gc.ca/slaughterhouse)) that makes repayable federal contributions available to support private sector investments aimed at reducing costs, increasing revenues and improving operations of meat slaughter and processing operations.

Achievements to date indicate that the performance indicator for the Agri-Business Development Program Activity will be met. For example:

- an FDMS client impact assessment survey in 2007 found 68% of respondents reported improved income since using this service (As required by legislation, a review of the FDMS is under way and updated results are expected in 2011-12.);
- the Client Impact Assessment Surveys (<http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1213364425936&lang=eng>) and the National Renewal Survey ([www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1213629299719&lang=eng](http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1213629299719&lang=eng)); conducted in 2007 showed 89% farmers were achieving their most important business goals and 64% said renewal programs (now the Business Development program) contributed to this result (Another survey is planned for 2011-12.); and
- an evaluation of the Youth Employment Strategy (YES) ([http://www.hrsdc.gc.ca/eng/publications/resources/evaluation/2009/sp\\_ah\\_911\\_08\\_09e/page00.shtml](http://www.hrsdc.gc.ca/eng/publications/resources/evaluation/2009/sp_ah_911_08_09e/page00.shtml)) in 2007-08 indicated that the Career Focus Program is helping develop job skills and increasing employment opportunities and earned income (The next YES evaluation is expected by 2012-13.).

## Lessons Learned

Sharing tools, information and feedback among federal, provincial and territorial partners is essential to achieve successful results. A sustained effort is required to collect the data necessary for performance measurement. Regional responsiveness of programs is important to meet clients' varied needs. Raising awareness of programs is required to ensure a high level of uptake.

## Program Activity 3.3: Rural and Co-operatives Development

### Program Activity Description

The Rural and Co-operatives Development program leads an integrated, government-wide approach, called the Canada's Rural Partnership, through which the government aims to coordinate its economic, social, environmental and cultural policies towards the goal of economic and social development and renewal of rural Canada. It develops partnerships with federal departments and provincial and rural stakeholders in areas such as knowledge building, policy development and the implementation of the government's rural development strategies. It also offers tools to enable rural communities to use their innovative capacity to capture the value of local amenities, and to achieve greater local or regional economic competitiveness.

The program also promotes economic growth and social development of Canadian society through the development of co-operatives. It facilitates the development of co-operatives as an effective tool to help Canadians and communities address their needs and capture economic opportunities. It provides advice across government on policies and programs affecting co-operatives and builds partnerships within the federal government and with the sector, the provinces and other key stakeholders in the implementation of initiatives, such as capacity and knowledge building, to support the development of co-operatives.

### 2010-11 Financial Resources (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
25.1	24.9	21.1

### 2010-11 Human Resources (Full-Time Equivalents – FTEs)

Planned	Actual	Difference
88	91	3

Expected Results	Performance Indicators	Targets	Performance Status
New economic activities are being developed in rural communities	Number of communities in 20 selected rural regions where new economic activities are implemented as a result of Canada's Rural Partnership collaborative activities	30 by Mar 31, 2013	Mostly met (in terms of progress towards future targets)
	Number of communities that identified and assessed their local natural and cultural amenities	100 by Mar 31, 2013	
Canadians are better able to utilize the co-operative model to meet their economic and social needs	Number of co-operatives created which have received Co-operative Development Initiative support	150 by Mar 31, 2013	Met all (in terms of progress towards future targets)

## Performance Summary and Analysis of Program Activity

As lead for Canada's Rural Partnership (CRP) ([www.rural.gc.ca](http://www.rural.gc.ca)), AAFC, with partners, funded 38 rural community initiatives, compared to 19 the previous year, to enhance innovative rural development and to assist communities respond to particular barriers to development. As a result of CRP funding and partnering activities, rural communities are using information and tools to develop natural and cultural amenities and other assets; during the year, 27 communities identified and assessed their local amenities. For example, communities in the Lac St-Jean area of Quebec developed a tourism action plan based on their unique natural amenities. As a result, a collaborative tourism marketing plan will promote the region as an adventure tourism destination.

The federal government's Sand Plains Community Development Fund is a program created to assist rural communities in the Sand Plains region to build a stronger, more diversified economy. Now in its second year, it is delivered through the Ontario Association of Community Futures Development Corporations. The fund provided \$5 million, compared to \$2.6 million the previous year for 24 projects to help new and existing businesses capture emerging market opportunities. It also provided \$1 million, virtually unchanged from the first year, to 14 community initiatives to explore and expand innovative opportunities in sustainable community and regional development. Overall, the fund helped create or maintain 380 jobs during the year.

Under the Co-operative Development Initiative (CDI) ([www.coop.gc.ca](http://www.coop.gc.ca)), AAFC continued its partnership with two national co-op sector organizations to provide advisory services and fund innovative co-operative projects across Canada. These organizations, through their regional and sector networks, have developed an integrated co-op development information and support referral system across the country.

In 2010-11, 127 co-operative innovation projects, compared to 53 projects the previous year, helped assess feasibility, provide start-up assistance, and expand existing co-operatives. Additionally, as a result of CDI support, 75 co-operatives were created during the year.

AAFC has invested in a partnership with the co-op sector and the academic community to elaborate a knowledge-sharing platform which will serve to better link researchers and stakeholders and improve knowledge for co-operatives development.

## Lessons Learned

An audit of CDI primary recipients completed in the reporting period showed general compliance with the terms of contribution agreements. AAFC will work with third-party delivery agents to implement audit recommendations in a timely fashion in 2011-12.

The average project approval time has been longer than the service standard. The Department will work with recipients to improve processing times, in spite of very high program demand.

Fewer CRP projects were funded and funding levels were lower than planned in 2010-11. Project proponents had difficulty in securing matching contributions and the lengthy time it takes to develop projects with communities and stakeholders have been significant factors in lower than expected program participation. A new program component has been made available to fund the implementation of initiatives offering more concrete benefits to rural communities. AAFC will continue to work with communities to submit viable proposals as the economy normalises.

## Program Activity 3.4: Canadian Pari-Mutuel Agency

### Program Activity Description

Section 204 of the *Criminal Code of Canada* designates the Minister of Agriculture and Agri-Food as the individual responsible for the policy and regulatory functions pertaining to pari-mutuel wagering on horse races.

The Canadian Pari-Mutuel Agency (CPMA) is a special operating agency within AAFC that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada, with the objective of ensuring that pari-mutuel betting is conducted in a way that is fair to the betting public. Costs associated with the activities of the CPMA are recovered through a levy on every dollar bet on horse races in Canada. The levy is currently set at eight-tenths of a cent of every dollar bet. CPMA's strategic plans are focused on regulating and supervising pari-mutuel wagering on horse races in the most modern, effective and transparent manner.

### 2010-11 Financial Resources (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
0.4	4.6	1.0

### 2010-11 Human Resources (Full-Time Equivalents – FTEs)

Planned	Actual	Difference
57	52	(5)

Expected Results	Performance Indicators	Targets	Performance Status
Pari-mutuel betting is conducted in a way that is fair to the Canadian betting public	Percentage of compliance with the <i>Pari-Mutuel Betting Supervision Regulations</i> of Canadian racetracks and betting theatres inspected by CPMA officers	100% by Mar 31, 2011	Met all

### Performance Summary and Analysis of Program Activity

The effective delivery of the CPMA's Equine Drug Control Program (<http://www.agr.gc.ca/EquineDrugControlProgram>) helps ensure that the outcomes of horse races are not affected by the inappropriate administration of drugs or medicaments. A review of the equine samples collected under the program confirmed that the performance target had been fully met.

A review of audited pari-mutuel pools confirmed that all were correctly calculated and distributed in accordance with regulations. Supervision of approved pari-mutuel betting activities, including field audit verifications, established the ongoing compliance of licensed pari-mutuel operators.

To ensure the ongoing financial viability of CPMA, non-core programs, including photo finish and video patrol services, have been discontinued.



Following a comprehensive review and broad stakeholder consultations, the Department has introduced new regulatory requirements which took effect during the summer of the 2011 horse racing season. The development of the new regulatory requirements was guided by the following principles: relaxing overly-prescriptive requirements, re-aligning federal activities with activities that advance the Government of Canada's roles and responsibilities, and promoting a more open and accountable basis for the conduct of pari-mutuel betting on horse racing. The amendments should result in a more modern, efficient and transparent regulatory model that will both protect the betting public and allow horse racing providers to compete in an increasingly competitive gaming environment. For additional information, visit [www.agr.gc.ca/parimutuel-review](http://www.agr.gc.ca/parimutuel-review).

### Lessons Learned

Initiatives are under way to address the regional variations in the practice of selecting horses for testing. Efficiencies have been identified, including less predictable horse-selection criteria, which will increase the deterrent effect of the Equine Drug Control Program with no additional expense.

A review of the CPMA's pari-mutuel pool auditing practices determined that significantly fewer audits would adequately confirm the validity of calculated pay-out prices. A revised target of 25% of all pari-mutuel pools will be put in place for future reporting purposes.

The discontinuation of non-core programs will help ensure that appropriate services and activities establishing the integrity of approved pari-mutuel activity will continue to be provided within the CPMA's current financial envelope.

## Canada's Economic Action Plan

AAFC helped deliver Canada's Economic Action Plan (EAP) with investments to support the agriculture and agri-food sector and to assist Canadian farmers to maximize market opportunities. The Department also contributed to important horizontal initiatives under EAP with investments in infrastructure.

EAP Initiative	Alignment with Program Activity
Agricultural Flexibility Fund (AgriFlexibility)	PA 1.1 Environmental Knowledge, Technology, Information and Measurement PA 1.2 On-Farm Action PA 2.2 Food Safety and Biosecurity Risk Management Systems PA 2.3 Trade and Market Development PA 3.1 Science, Innovation and Adoption PA 3.2 Agri-Business Development PA 4.1 Internal Services
Slaughter Improvement Program	PA 3.2 Agri-Business Development
Canadian Agricultural Loans Act	PA 2.1 Business Risk Management
Transfer of Delivery of the AgriStability Program	PA 2.1 Business Risk Management PA 4.1 Internal Services
Modernizing Federal Laboratories Program	PA 3.1 Science, Innovation and Adoption PA 3.4 Canadian Pari-Mutuel Agency
Accelerating Federal Contaminated Sites Action Plan	PA 4.1 Internal Services

Following is a discussion of departmental performance for each of these initiatives.



## Agricultural Flexibility Fund

The Agricultural Flexibility Fund (AgriFlexibility) ([www.agr.gc.ca/agriflexibility](http://www.agr.gc.ca/agriflexibility)) is a five-year (2009-14), \$500 million fund. It supports new initiatives, both federally and in partnership with provinces, territories and industry to improve the sector's competitiveness. These initiatives are helping the sector adapt to pressures through non-business risk-management measures that reduce production costs, improve environmental sustainability, promote innovation, and respond to market challenges.

Three federal-only initiatives were announced under AgriFlexibility: Livestock Auction Traceability Initiative (LATI); AgriProcessing Initiative (API); and Canada Brand Advocacy Initiative (CBAI).

Funding provided under LATI ([www.agr.gc.ca/lati](http://www.agr.gc.ca/lati)) is intended to enhance Canada's traceability capacity, focusing on the livestock sector. API ([www.agr.gc.ca/api](http://www.agr.gc.ca/api)) is an up to \$50 million initiative that made available repayable contributions to existing agri-processing companies or co-operatives to adopt new technologies and processes essential to sustaining and improving the sector's competitive position. CBAI ([www.marquecanadabrand.agr.gc.ca](http://www.marquecanadabrand.agr.gc.ca)) supported sustained consumer-oriented marketing activities such as retail in-store activities and restaurant and food-service promotions. Further support was provided through advertising campaigns and consumer-focussed websites created for identified key markets.

AAFC collaborates with CFIA on a meat-hygiene pilot project initiative that aims to better position provincial meat processors to move safe, high-quality products across the country while keeping with Canada's high federal food safety standards.

The AgriFlexibility Fund also supported initiatives from the provinces and territories, and industry, in partnership with the federal government. Examples of cost-shared federal-provincial initiatives include investment in the Saskatchewan Research Council to commercialize a DNA-based process for wheat identification, and an initiative in Quebec to improve producers' business planning. Examples of industry-led projects include investments in four projects administered by Pulse Canada to increase profitability for pulse growers, and in a comprehensive market strategy by the Canola Council of Canada to improve market access for Canada's canola farmers.

Given the broad nature of its expected outcomes, AgriFlexibility contributed to all three of AAFC's Strategic Outcomes.

### EAP Portion of 2010-11 Spending (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
124.2	113.0	31.0

Planned Spending figures are as reported in the 2010-11 Report on Plans and Priorities. Total Authorities reflect funds brought into the Department through the 2010-11 Main Estimates, Supplementary Estimates received during the 2010-11 fiscal year, internal adjustments and transfers, and \$5.9 million in existing departmental resources and exclude costs related to accommodations. The complexity of proposals and timing of implementation for multi-year projects resulted in lower expenditures than authorized in the 2010-11 fiscal year. The majority of the unspent funding is expected to be carried forward.

Expected Results	Performance Indicators	Targets*	Performance Status*
Producers and industry improve their environmental practices	Number of actions implemented by producers to improve their environmental practices	Not applicable	Not applicable
Producers and industry reduce their costs of production	Number of actions implemented by producers to reduce their costs of production	Not applicable	Not applicable
Improved food safety, biosecurity, traceability and risk management measures	Number of improved food safety, biosecurity, traceability and risk management measures	Not applicable	Not applicable
Agri-processors upgrade capacity through modernization of facilities	Number of agri-processors that upgrade capacity	API established a target of 35 facilities for 2010-11	Somewhat met
Increase in value-chain efforts focussed on innovation and adaptation	Number and types of activities that increased value-chain efforts focused on innovation and adaptation	Not applicable	Not applicable
Agri-industry implements actions to respond to market threats and take advantage of emerging market opportunities	Number of actions to respond to market threats and take advantage of emerging market opportunities	Not applicable	Not applicable

\* As the Agricultural Flexibility Fund was meant to be flexible, no Targets were set at the beginning of the program for provincial, territorial and industry initiatives in partnership with the federal government. Provinces, territories and industry identified needs for the sector and presented proposals accordingly. Targets for individual contribution agreements were then established. In general, Targets are for the duration of the agreements. Performance Indicators, specific to the nature of each project, were developed and included in contribution agreements.

## Performance Summary and Analysis of Initiative

As most AgriFlexibility projects are taking place over several years, it is not possible to report on the achievement of specific targets. It should also be noted that targets may change, as provinces and territories are allowed to change their targets annually under their contribution agreements. A total of 36 projects from provinces, territories and industry has been approved for a total value of about \$149.4 million in funding under the Agricultural Flexibility Fund.

LATI is a three-year initiative with funding from April 1, 2011 to March 31, 2014. It was launched on January 19, 2011 to allow applicants to learn about the program, begin the application process and start projects as early as April 1, 2011. Several activities took place in 2010-11 in preparation for LATI's launch, including further consultations with provincial and territorial governments on how governments and their respective programs would work together for traceability enhancements, and to promote and communicate the program. Between its launch and March 31, 2011, 15 applications were received and assessed. Initial interest by industry has been high based on the number of applications submitted as well as requests for more information received from industry since its launch.

The API has been a very popular program with industry. One result of this popularity is that API has attracted larger projects than originally expected. The original targets were based on an average contribution of \$391,000 per project whereas the average contribution is \$578,000. Therefore, API did not meet the performance targets established for 2010-11 regarding the number of facilities because available funds were allocated to fewer projects. The performance targets are currently being revised to reflect the actual average size of funded projects. In 2010-11, 22 facilities completed upgrades compared to a target of 35 facilities. Another nine projects had agreements signed in the reporting period, but the upgrade of these facilities will not be completed until 2011-12 and later. Cumulatively, as of March 31, 2011, API had signed 33 contribution agreements for a total of \$19.1 million compared to a target of 53 agreements and \$20.7 million.

Under CBAI, public opinion research was conducted in Japan, Mexico and South Korea throughout 2010-11. CBAI met its target of developing three marketing strategies. Such strategies were developed based on those research results, and promotional activities have now begun in these markets. Creative concepts were developed and tested for Japan and Mexico, and advertising campaigns for each market are being produced based on these concepts. Creative concepts for South Korea were produced. Consumer-focussed websites were also in development for these three key markets.

An internal audit of AgriFlexibility found that most of the expected elements related to governance, risk management and control frameworks were in place and working appropriately. The Department is taking action on areas for improvement noted in the audit; specifically by carrying out periodic risk reassessments and a lesson-learned exercise, as well as by enhancing the documentation on file to support funding decisions.

## Slaughter Improvement Program

The Slaughter Improvement Program (SIP) ([www.agr.gc.ca/slaughterhouse](http://www.agr.gc.ca/slaughterhouse)) is national, applications-based, and provides red meat packers and processors with repayable federal contributions to implement sound business plans for projects aimed at improving the operations of federally inspected packing plants. The program aims to allow industry stakeholders to strengthen their competitiveness by supporting new investments that could support profitability for red meat packers. These new investments focus on reducing operating costs, increasing revenues, and adopting innovation to meet future business conditions and consumer expectations. The program also addresses slaughter capacity gaps in regions where it can be demonstrated that this factor is constraining sector growth.

### EAP Portion of 2010-11 Spending (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
20.9	30.9	16.2

Planned Spending figures are as reported in the 2010-11 Report on Plans and Priorities. Total Authorities reflect funds brought into the Department through the 2010-11 Main Estimates and exclude costs related to accommodations. Actual Spending was less than authorized as a result of project delays related to construction feasibility and environmental assessments. The majority of the unspent funding is expected to be carried forward.

Expected Results	Performance Indicators	Targets	Performance Status
Increased productivity, revenues and/or innovation, and/or reduced costs among red meat packers and processors	Percentage of recipients that increase their productivity, revenues and/or innovation, and/or reduce their costs (compared to the level documented in their applications)	85% by 2012	
Contributed to profitability or reduced losses among red meat packers and processors	Percentage of recipients that increase their profitability (compared to the level documented in their applications)	85% by 2012	

To better reflect the performance objectives of SIP, the performance measurements were changed during the 2010-11 reporting period to the following:

Expected Results	Performance Indicators	Targets	Performance Status
Investment in operational performance among red meat packers and processors	Amount of program funds invested by red meat packers and processors in operational improvements (as documented in their business plans)	\$56 million by March 31, 2012	\$33.4 million committed to date
Improved operational performance among red meat packers and processors	Percentage of recipients that increase their operational performances	85% by Dec 31, 2014	While the target is established for 2014, progress to date indicates that it will be achieved
Improved financial performance among red meat packers and processors	Percentage of recipients that increase their financial performances	85% by Dec 31, 2014	While the target is established for 2014, progress to date indicates that it will be achieved

### Performance Summary and Analysis of Initiative

The SIP will conclude on March 31, 2012. Therefore, it is too early to determine the operational and financial performance of program participants. In the reporting period, 35 applications were received requesting \$122 million in funds, of which 20 projects worth \$56 million were approved.

Operational performance measurements related to facility improvements funded by SIP contributions can only be measured after the completion of the project, and more specifically after a period of time during which the facility improvements are monitored and adjustments are made to optimize operations and plant efficiencies. This could mean a period from six to 12 months subsequent to completion of the SIP project.

Likewise, the impact of SIP investment on financial performance may not be reflected in the financial statements until at least 18 to 20 months after the SIP project was completed. Any financial performance report prior to this timeline cannot adequately demonstrate the impact of SIP investment in the project. Therefore, SIP expects to achieve program targets by December 31, 2014.



## Canadian Agricultural Loans Act

The Canadian Agricultural Loans Act (CALA) ([www.agr.gc.ca/cala](http://www.agr.gc.ca/cala)) is a financial loan guarantee program that gives farmers easier access to credit. Recent changes to legislation made more credit available to new farmers and to a broader range of agricultural co-operatives. Through the CALA, AAFC supports the renewal of the agricultural sector and enabling co-operatives to better seize market opportunities.

### EAP Portion of 2010-11 Spending (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
4.0	3.9	2.5

Planned Spending figures are as reported in the 2010-11 Report on Plans and Priorities. Total Authorities reflect funds brought into the Department through allotment transfers received during the 2010-11 fiscal year, and \$0.8 million in existing departmental resources and exclude costs related to accommodations.

Expected Results	Performance Indicators	Targets	Performance Status
Farmers and agricultural co-operatives have access to affordable capital to make investments in their farm properties	Number of program participants per fiscal year	2009-10: 2,625 participants 2010-11: 3,300 participants 2011-12: 3,900 participants 2012-13: 3,900 participants	Somewhat met

## Performance Summary and Analysis of Initiative

In 2010-11, 2,382 loans (72.2% of the target of 3,300) were issued under the CALA program.

While two advertising campaigns were conducted in 2010-11 to increase awareness of the CALA program, this did not stimulate producer demand to the anticipated level. The lack of increased participation in the CALA program may be attributable to continued low interest rates. The program will continue to be promoted. Financial institutions will also be offered information sessions to encourage use of the program. Furthermore, it is expected that higher interest rates in 2011-12 could make the program comparatively more attractive. Despite the fact that the number of registrations has not yet reached the target of 3,300 producers, there are still nearly 2,400 producers a year who rely on the program. Also, there is a relatively low cost to administer the program and registrations fees are collected to offset this cost.

## Transfer of Delivery of the AgriStability Program

This initiative supported the federal government's commitment to work with interested provinces toward transferring the delivery of the AgriStability program ([www.agr.gc.ca/agristability](http://www.agr.gc.ca/agristability)) to provincial governments. Such transfers allow for integration and alignment with business risk management programs that are delivered by province.



**EAP Portion of 2010-11 Spending** (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
11.8	11.8	4.4

Planned Spending figures are as reported in the 2010-11 Report on Plans and Priorities. Total Authorities reflect funds brought into the Department through the 2010-11 Main Estimates and exclude costs related to accommodations.

Expected Results	Performance Indicators	Targets	Performance Status
Provinces (BC, SK) delivering AgriStability for 2009 program year	Signed bilateral delivery transfer and employee transfer agreements	Signed agreements by Dec 31, 2009	Met All

**Performance Summary and Analysis of Initiative**

The Department worked successfully with Saskatchewan and British Columbia to manage the transfer of the AgriStability program with no significant client service impacts to program applicants. AAFC implemented detailed transition plans and specialized workflows to assist Saskatchewan and British Columbia during their first year of AgriStability processing.

AAFC also successfully managed the significant impact on departmental employees in transferring the delivery of AgriStability to the two provinces. A human resources transition plan was developed as a guiding framework to ensure that the Department met its business requirements as well as obligations to employees under the Workforce Adjustment Directive. A joint Union Management Committee was also established to provide a forum for meaningful discussion and consultation on workforce adjustment implications. Employee engagement and support was key to the success of the transition. Management focussed on providing clear and consistent information to reduce uncertainty, and provided affected employees with resources and assistance to maximize their employment opportunities and help them manage the transition.

**Modernizing Federal Laboratories Program**

Under EAP, AAFC received \$25.9 million for eight modernization projects in laboratories across the country in 2009-10 and 2010-11. Greenhouses were built in Swift Current, Saskatchewan, and Harrington, Prince Edward Island. A new dairy complex was built in Sherbrooke, Quebec. Laboratories were upgraded in Ottawa and Guelph, Ontario, Morden, Manitoba, St-Jean-sur-Richelieu, Quebec, and Fredericton, New Brunswick.

**EAP Portion of 2010-11 Spending** (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
19.3	19.6	15.5

Planned Spending figures are as reported in the 2010-11 Report on Plans and Priorities. Total Authorities reflect funds brought into the Department through the 2010-11 Main Estimates, and \$0.3 million in existing departmental resources, and exclude costs related to accommodations.

Expected Results	Performance Indicators	Targets	Performance Status
Completion of eight laboratory projects across Canada	On time and on budget	By Mar 2011 complete all 8 projects on budget	Met All

### Performance Summary and Analysis of Initiative

The federal government committed \$250 million over two years to invest in modernizing federal laboratories. In May, 2009, eight AAFC laboratories received \$25.9 million under the Modernizing Federal Laboratories program to update their facilities, providing long-term economic benefits for farmers and an immediate economic stimulus for their communities. The eight projects were completed on time and on budget.

### Accelerating Federal Contaminated Sites Action Plan

Accelerating the Federal Contaminated Sites Action Plan (FCSAP) initiative under EAP increased the pace of activities under the existing program in 2009-10 and 2010-11. FCSAP is a cost-shared program that helps federal custodians to address contaminated sites for which they are responsible. The EAP funding for AAFC was used for additional site assessments and remediation activities at its contaminated sites.

#### EAP Portion of 2010-11 Spending (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
0.6	0.8	0.8

Planned Spending for Accelerating the Federal Contaminated Sites Action Plan initiative has been revised from that reported in the 2010-11 Report on Plans and Priorities in order to reflect only the portion announced under Canada's Economic Action Plan. Total Authorities reflect funds brought into the Department through the 2010-11 Main Estimates, and \$0.3 million in existing departmental resources, and exclude costs related to accommodations.

Expected Results	Performance Indicators	Targets	Performance Status
Completion of additional assessment and remediation activities at AAFC contaminated sites to address risks posed to human health and the environment and to reduce associated financial liability	Number of remediation projects under way or completed at AAFC contaminated sites	By Mar 31, 2011 undertake 10 remediation projects	Target revised during reporting period to target below. See explanation in performance summary below
		One large, high-priority remediation project	Met
	Number of assessment projects completed at AAFC contaminated sites	By Mar 31, 2011, complete 10 assessment projects	Exceeded

### Performance Summary and Analysis of Initiative

AAFC used EAP funding in 2009-10 and 2010-11 to accelerate assessment and remediation activities, thereby reducing risks to human health and the environment, as well as the Department's liability risks. All projects were successfully completed by March 31, 2011, and all EAP funding allocated to AAFC for both assessment and remediation projects were fully expended.

It was initially planned to complete 10 small remediation projects in fiscal year 2010-11 recognizing considerable uncertainty in this estimate based on the results of forthcoming assessment projects. Additional assessment work at one of AAFC's priority sites identified more contamination than anticipated. As a result, EAP remediation funds were redirected to this high-priority project to accelerate the clean-up to further contribute to the initiative's expected results of addressing risks posed to human health and the environment and to reduce associated financial liability.

AAFC completed a total of 19 assessment projects in 2010-11, nearly doubling the target of 10 assessment projects. This advanced AAFC's objective to complete environmental site assessments and has provided a better understanding of departmental environmental liability.

## Program Activity 4.1: Internal Services

### Program Activity Description

Internal Services are groups of related activities and resources that are administered to support all Strategic Outcomes and the needs of programs and other corporate obligations of the Department. Only those activities and resources that apply across the Department, and not those provided specifically to a program, are included. Internal Services consist of the following sub-activities:

- 4.1.1 Governance and Management Support, which include: Strategic Policy and Planning and Government Relations; Executive Services; Corporate Policy, Standards, Guidelines; Investment Planning; Project Management; Risk Management; Performance and Reporting; Internal Audit; Evaluation; Communications; and Legal;
- 4.1.2 Resource Management Services, which include: Human Resources Management; Financial Management; Information Management; Information Technology; and Travel and Other Administrative Services; and
- 4.1.3 Asset Management Services, which include: Real Property; Materiel; and Acquisitions.

### 2010-11 Financial Resources (\$ millions – net)

Planned Spending	Total Authorities	Actual Spending
306.0	352.5	352.5

Difference in financial resources is largely due to a realignment among Program Activities.

### 2010-11 Human Resources (Full-time Equivalents – FTEs)

Planned	Actual	Difference
2,031	2,163	132

The increase in FTEs is primarily a result of additional resources required for the development of the next agricultural policy framework.

Planning Highlights	Performance Analysis
<p><b>Service Excellence</b></p> <p>AAFC recently established the Service Analysis and Transformation Division (formerly the Service Policy and Transformation Directorate) to help implement its Service Excellence agenda within the Department and with federal, provincial and territorial partners. This new division will work to develop and adopt common business processes to better serve clients.</p> <p>AAFC will deliver on a suite of Service Excellence projects and initiatives based on its 2007 Client Satisfaction Survey (<a href="http://www.agr.gc.ca/satisfaction-survey">http://www.agr.gc.ca/satisfaction-survey</a>).</p>	<p>AAFC staff gained a better understanding of its clients; improved communications and service to clients through modernized business approaches and system enhancements.</p> <p>Service standards were implemented and published on-line for 75% of AAFC programs. Targets were met 80% of the time.</p> <p>Non-BRM clients completed satisfaction surveys to provide AAFC with their service experiences, preferences, and service delivery improvement priorities.</p> <p>The design and development of AgPal, a web-based discovery tool that will help clients find programs and services that apply to them, was started in partnership with the provincial governments of Ontario and Nova Scotia.</p> <p>Ongoing development of the Common Business Process for the delivery and management of non-Business Risk Management Gs&amp;Cs programs.</p>
<p><b>Management of Grants and Contributions Program</b></p> <p>In 2008, the Government of Canada introduced its <i>Action Plan to Reform the Administration of Grant and Contribution Programs</i>. As a result, AAFC launched its Centre of Program Excellence (COPE) to centrally coordinate and integrate its approach to program management across the Department. COPE will build program management capacity by providing advice, guidance, training, and standardized tools to program staff to design, deliver and implement G&amp;C programs. Responsibilities also include maintaining the contribution agreement registry, co-ordinating recipient audits, and monitoring and reporting of programs that are cost shared with the provinces and territories. The overall objective is to simplify administration while strengthening accountability and risk-based approaches for managing programs.</p>	<p>AAFC launched the web-based AgriShare which enabled improved quality and consistency of data and strengthened capacity for financial reporting by provinces and territories.</p> <p>Training was designed and delivered to 71% of AAFC Gs&amp;Cs program staff.</p> <p>Recipient/Project Risk Management was updated. Standardized project approval form and Contribution Agreement template for non-BRM programs were developed.</p> <p>Recipient Audit Policy was approved. Recipient reporting frequency decreased overall by approximately 68% with 34% fewer progress reports submitted.</p> <p>AAFC received Treasury Board approval to move forward with Phase II of the Grants and Contributions Delivery Project for the implementation of the Common Business Process Model onto a common information system, the Grants and Contributions Delivery System. Together, the Common Business Process Model and the associated information system will improve access, management, and delivery of non-Business Risk Grants and Contributions programs.</p> <p>COPE also took action on recommendations from an internal horizontal audit of Gs&amp;Cs to support improvements in such areas as oversight of program performance, and risk-based recipient monitoring and reporting.</p>

Planning Highlights	Performance Analysis
<p><b>Human Resource Management</b></p> <p>AAFC's human resources framework evolves to support changing business, policy, program, and people management priorities. Specific human resources plans and initiatives support the achievement of all strategic objectives and are critical to the Department's capacity to deliver on business goals and provide excellent results to Canadians. AAFC's 2009-12 <i>Integrated Business-Human Resources Plan</i> addresses current and emerging priorities, with emphasis on:</p> <ul style="list-style-type: none"> <li>• making progress on the four key priorities in the Clerk of the Privy Council's <i>Public Service Renewal Action Plan: Integrated Planning, Recruitment, Employee Development and Enabling Infrastructure</i>;</li> <li>• addressing employee concerns raised during the most recent Public Service Employee Survey; and</li> <li>• ensuring AAFC's workforce reflects the diversity of Canadian society and serves Canadians in both official languages.</li> </ul>	<p>Development of recruitment strategies based on current and future needs, identified during the integrated planning process, resulted in the Department exceeding its student recruitment targets for 2010-11. An 8% reduction in employment equity gaps was realized.</p> <p>A streamlined and more user-friendly performance management process and form were implemented to better support employee development.</p> <p>AAFC's Mentoring Program pilot provided an opportunity for employees to gain knowledge from more experienced colleagues as part of their professional and professional development, thereby contributing to knowledge transfer in the Department.</p> <p>In response to the PSES, workplace excellence initiatives have been implemented in the areas of: employee learning and development; performance management and feedback; inclusiveness and employment equity; official languages; workload and stress; and leadership, engagement and communication.</p> <p>A draft new AAFC <i>Values and Ethics Code</i> was developed to be implemented with the new Values and Ethics Code for the Public Sector.</p> <p>Conducted an Employment Systems Review to ensure AAFC's human resources and workplace policies, practices and accommodation measures are free from systemic barriers and conducive to promoting employment equity and diversity at all levels.</p> <p>AAFC continued to implement its Official Languages Strategy, which included activities to promote the benefits of linguistic duality and the importance of delivering quality services in both official languages. Some examples are:</p> <ul style="list-style-type: none"> <li>• reviewing Departmental positions to ensure that AAFC has the right level of bilingualism to provide quality services;</li> <li>• promoting and organizing activities pertaining to linguistic duality; and</li> <li>• reviewing the designation of regional offices to ensure they meet OL obligations.</li> </ul>
<p><b>Financial Management</b></p> <p>AAFC is working to implement the Treasury Board Secretariat's (TBS) Financial Management Policy Suite. As the proposed new and revised policy instruments and directives are issued, AAFC will assess their implications, impacts and effects in relation to the current instruments. Once identified, these changes will be highlighted and presented to senior management with a recommended implementation plan. This plan is also aimed at continuously improving the quality of financial reporting and strengthening the financial management capability.</p>	<p>AAFC has taken significant steps in 2010-11 to implement and ensure compliance with the new TBS Financial Management Policy Suite. Considerable progress has been made in verifying compliance with the requirements of each new TBS directive, as well as developing and amending internal policies and procedures as required.</p>



Planning Highlights	Performance Analysis
<p><b>Investment Planning and the Management of Projects</b></p> <p>AAFC is developing a five-year Investment Plan (2010-15) to comply with Treasury Board's (TB) new policies on Investment Planning and the Management of Projects. The new policy on <i>Investment Planning – Assets and Acquired Services</i> replaces the previous policy on <i>Long Term Capital Planning</i>. In developing this plan, AAFC has shifted away from a focus on capital planning that was asset-centric to one that is outcome-centric and provides a comprehensive view of the Department's investments. Effective investment planning ensures that resources are allocated in a manner that clearly supports program outcomes and government priorities.</p> <p>Correspondingly, the <i>Policy on the Management of Projects</i> assesses both the risk of the project and the Department's capacity to manage and deliver on the projects. To effectively support and advance AAFC's capacity, the Department is developing and maturing the departmental project management framework to strengthen its rigour and discipline associated with managing projects. This will include an integrated departmental level approach for consistent practices in governance, training, monitoring of projects, and reporting.</p>	<p>AAFC developed its five-year Investment Plan and it was approved by TB in June 2010. In year one of the plan, all EAP-funded projects were completed and other projects were advanced. The Department positioned itself for year two of the Plan.</p> <p>The Department made continued progress in strengthening its project management practices, which is reflected in the MAF Round 8 ratings for the management of project resources and results.</p>
<p><b>Information Management and Information Technology</b></p> <p>The Department will continue to manage and deliver Information Management and Information Technology (IM/IT) products and services through the AAFC IM/IT business model, an IM/IT Activity Architecture, strong governance and a project management (PM) framework. The PM framework will include a departmental level approach for consistent practices in governance, training, monitoring of projects and reporting. The overall approach for the management and delivery of IM/IT products and services will help ensure that departmental investments are aligned to departmental priorities, while optimizing departmental IM/IT expenditures. As AAFC moves forward, work will be focussed on meeting AAFC's business needs and alignment with Government of Canada standards and initiatives such as Shared Services and Open Government.</p>	<p>The Department continued to advance its practice in the intake and delivery of IM/IT products and services through a portfolio project management and governance framework that helped align IM/IT investments to departmental outcomes. Foundational work was completed for standardized costing and service type agreements in the ongoing support of services, such as in the successful on-boarding on the provisioning of financial systems services to Natural Resources Canada. This is particularly important as AAFC continues to develop strategic partnerships with other departments and agencies as a service provider for key corporate applications.</p>
<p><b>Internal Audit and Evaluation Service</b></p> <p>Full implementation of the Treasury Board (TB) Policy on Internal Audit has been achieved, so the focus in 2010-11 will be to increase the number of assurance reports completed. The Department has now embarked on implementation of the 2009 TB Policy on Evaluation and aims also to increase the number of completed evaluation reports in 2010-11. Finally, the Department will complete assurance work related to AAFC's programs under Canada's Economic Action Plan.</p>	<p>AAFC increased the number of internal audit reports issued from two in 2009-10 to seven, as well as evaluation reports from one to five. In addition, assurance work was completed on two of the largest EAP programs for the agricultural sector: the Agricultural Flexibility Fund and the Slaughter Improvement Program.</p> <p>The Department also identified and implemented actions to support full compliance with the new TB <i>Policy on Evaluation</i> by March 2013.</p>
<p><b>Portfolio Co-ordination</b></p> <p>AAFC will continue to foster policy co-ordination and promote collaboration among the partner organizations of the Agriculture and Agri-Food Portfolio.</p>	<p>AAFC ensured a co-ordinated portfolio-wide approach was taken to policy and program development in areas such as the next agricultural policy framework, science and innovation, and communications.</p>

# Supplementary Information

## Financial Highlights

The financial highlights presented within this Departmental Performance Report are intended to serve as a general overview of AAFC's financial position and operations. More detailed information is provided in the Department's financial statements which are prepared using an accrual basis of accounting. The Department's financial statements can be found on AAFC's website at: [www.agr.gc.ca/FinancialStatements](http://www.agr.gc.ca/FinancialStatements).

### Condensed Statement of Financial Position

As at March 31, 2011 (\$ millions)

	% Change	2010-11	2009-10*
Total assets	-16.5%	2,493.7	2,987.8
Total liabilities	-17.1%	2,025.8	2,443.3
Equity of Canada	-14.1%	467.9	544.5
<b>Total</b>	<b>-16.5%</b>	<b>2,493.7</b>	<b>2,987.8</b>

\* Balances for 2009-10 have been restated from those presented in the 2009-10 Departmental Performance Report (DPR) to conform with the revised Treasury Board accounting standard for departmental financial statements. See the Department's financial statement Note 16 for more detail.

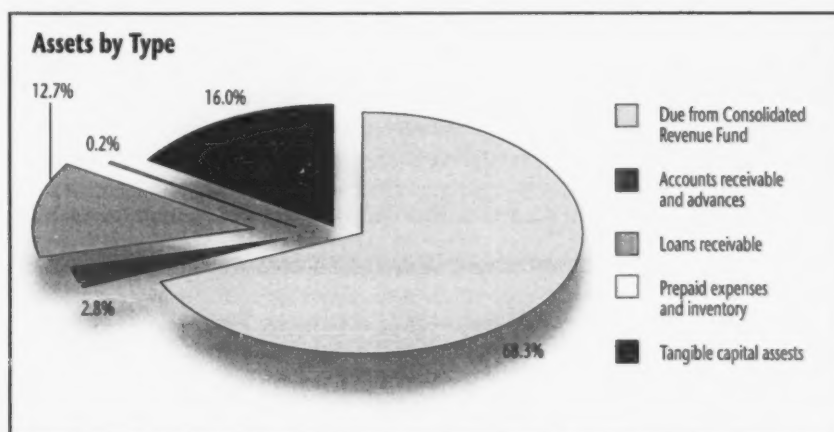
### Condensed Statement of Operations

For the year ended March 31, 2011 (\$ millions)

	% Change	2010-11	2009-10
Total expenses	19.1%	2,886.1	2,424.0
Total revenues	-25.2%	105.6	141.3
<b>Net cost of operations</b>	<b>21.8%</b>	<b>2,780.5</b>	<b>2,282.8</b>

## Assets

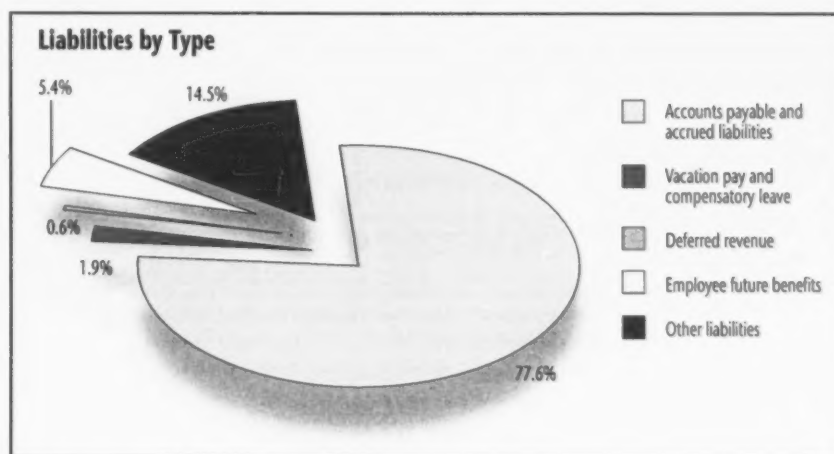
Assets held by the Department for use in its activities consist primarily of Tangible Capital Assets, which primarily support the research activities of the Department that contributed to the strengthening of innovation capacity within the sector in 2010-11.



Total assets at the end of 2010-11 were \$2,493.7 million, a decrease of \$494.1 million over previous year's total assets of \$2,987.8 million. This is due to a decrease in Due From Consolidated Revenue Fund account of \$547.3 million, partially offset by increases in Loans Receivable, Tangible Capital Assets and Accounts Receivable and Advances. Amounts due from the Consolidated Revenue Fund represent a charge against departmental authorities and are available for use to the Department in future periods without further authorities.

## Liabilities

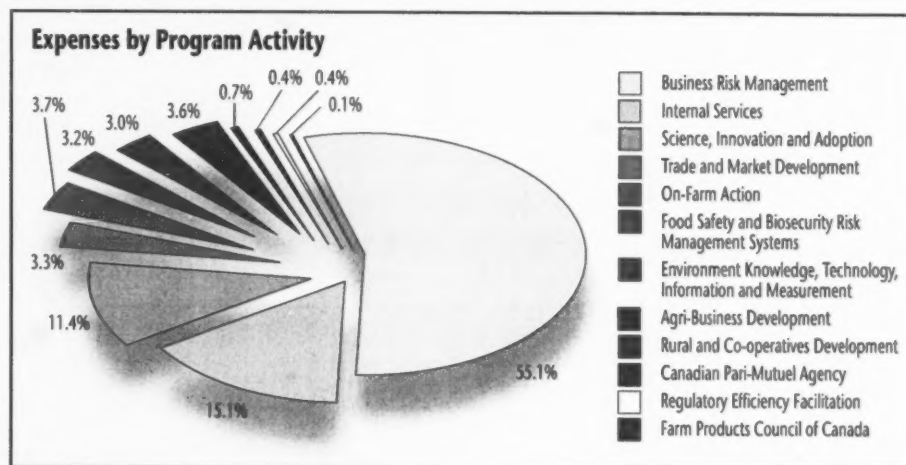
Liabilities arising from departmental activities consist primarily of accounts payable and accrued liabilities, the majority of which are related to accruals in support of programs such as AgriStability and AgriInvest that were delivered in 2010-11.



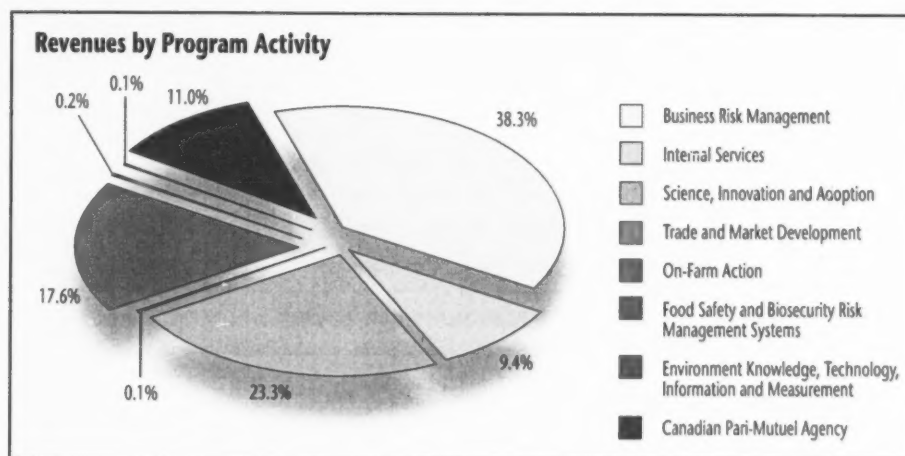
Total liabilities at the end of 2010-11 were \$2,025.8 million, a decrease of \$417.5 million over previous year's total liabilities of \$2,443.3 million. This is due to decreases in Other Liabilities of \$307 million and Accounts Payable and Accrued Liabilities of \$119.2 million, partially offset by increases in Vacation Pay and Compensation Leave and Employee Future Benefits.

## Expenses and Revenues

Expenses incurred and revenues earned, which supported AAFC's programs and services that benefited Canadians during 2010-11, are detailed in the following charts.



Total expenses were \$2,886.1 million in 2010-11, an increase of \$462.1 million over previous year's total expenses of \$2,424 million. This is attributable primarily to increases in expenses associated with Business Risk Management of \$312.2 million, Agri-Business Development of \$58 million, Science, Innovation and Adoption of \$56 million, and Internal Services of \$31.6 million.



Total revenues were \$105.6 million in 2010-11 compared to \$141.3 million in 2009-10, a decrease of \$35.7 million. This is mainly attributable to a decrease in revenue from Crop Re-insurance premiums.

## List of Supplementary Information Tables

All electronic supplementary information tables found in the 2010-11 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's website at:

<http://www.tbs-sct.gc.ca/dpr-rmr/2010-2011/index-eng.asp>.

- Details on Transfer Payment Programs
- Green Procurement
- Horizontal Initiatives
- Internal Audits and Evaluations
- Response to Parliamentary Committees and External Audits
- Status Report on Projects operating with Specific Treasury Board Approval
- Sources of Respendable and Non-Respendable Revenue
- Status Report on Transformational and Major Crown Projects
- Up-Front Multi-Year Funding
- User Fees Reporting



# Other Items of Interest

## Organizational Contact Information

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